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The Portuguese in Brazil - Methuen  
Treaty - the colonies in America

Colonies - the colonies in America

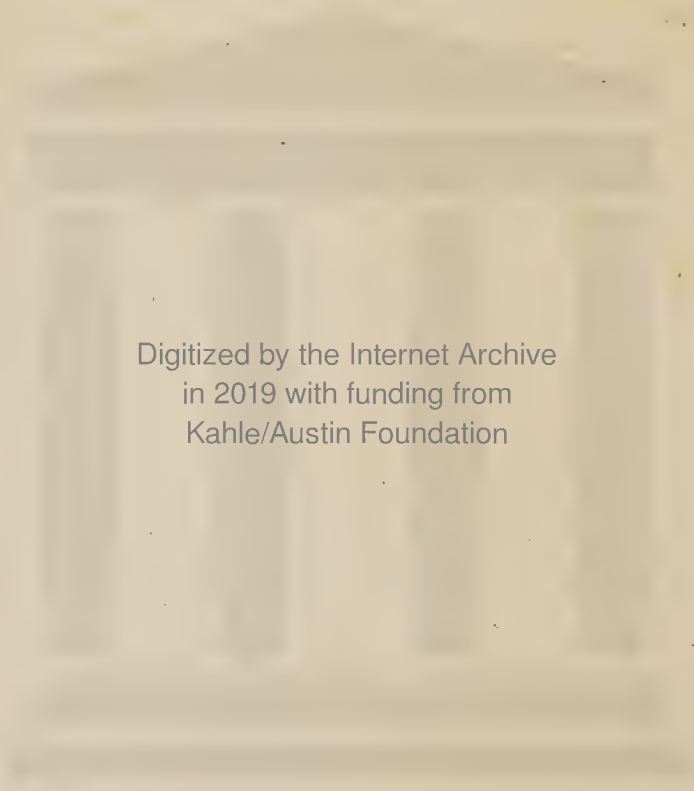
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Commercial Crisis - in 1792-93

Causes



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HISTORY  
OF  
COMMERCE IN EUROPE



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TORONTO

THE  
HISTORY OF COMMERCE  
IN EUROPE

BY

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AND OXFORD UNIVERSITY PRIZEMAN IN POLITICAL ECONOMY

WITH MAPS

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## P R E F A C E

THIS short work is, as far as I know, the first attempt in English to present a connected account of the progress and development of commerce not only in England but in Europe, from antiquity to the present time. In the small space allotted to me it has only been possible to give the main outlines of the subject, but I trust that even these, scanty as they are, will be of use as giving some idea of the historical course of commercial development. As in my *Industrial History of England*, I have endeavoured in this book also to connect commercial progress, wherever possible, with political history, though the limits of space have prevented my doing so as much as I should have wished, and I have been compelled to omit many other details of interest. Such as it is, however, it is hoped that this attempt may serve as an introduction to the wide subject of Commercial History, and as a first rough outline which may at some future time be more adequately filled up. It has been, of course, impossible to give elaborate commercial statistics or detailed accounts of separate industries in a work of this nature.

I owe much more than is apparent in these pages to the kindness of the late Professor Thorold Rogers, who

suggested to me verbally at some length many valuable hints as to the general treatment of the subject.

My thanks are also due to Dr. Gow for his revision of the proof-sheets, and for special help in the classical portions of the work.

H. DE B. G

NOTTINGHAM, *April* 1891.

[*Note.*—Teachers and others would probably find it helpful to use Professor Freeman's *General Sketch of European History* as a book of reference for events of political history alluded to in this work, and also some good manual of Commercial Geography for illustrating the present commercial development of Europe.]

## PREFACE TO THE SECOND EDITION

THE issue of this second edition has given the author the opportunity of correcting several errors of fact and of expression that have been pointed out to, or discovered by, him. He would like, however, to observe to critical readers that he does not pretend to be a specialist in the history of every European or other nation mentioned in these pages; and consequently must ask the indulgence of those who know more than himself for any mistakes that may have arisen through reference to other historical authorities. But every care has been taken to avoid such errors; and the gratifying reception accorded to the first edition seems to be a sign that interest is being aroused in a very important branch of European history.

H. DE B. G.

LIVERPOOL, *December* 1896.

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BOOK I

ANCIENT AND CLASSICAL COMMERCE



## CHAPTER I

### INTRODUCTORY : COMMERCE AND HISTORY

**1. How Commerce arises.**—The history of commerce is the history of civilisation, the history of human wants, and how men have at various times satisfied them. In some countries men have not felt any needs at all beyond the one paramount necessity of gaining the means of life itself; and, having done this, they are satisfied. In this state they may remain for centuries, never progressing, and never wishing to progress. Such nations are found everywhere among the inferior races of the world. But there are other races who are not satisfied with the mere necessities of life; they require something more than mere food and clothing; they require comfort and variety, even luxury, in their surroundings, and if they only feel these needs strongly enough, they generally can satisfy them. But real civilisation is never satisfied, for no sooner has one want been fulfilled than others seem to arise, and so we get 'that continuous development of varying needs of various peoples which modern commerce tries to supply. Moreover, it often happens that a great many even of the simplest necessities of human life cannot always be supplied in one country. England cannot grow enough food to feed all her manufacturing population, though she could grow a great deal more than she does if she seriously set about it. On the other hand, England can manufacture far more cloth than is necessary to clothe her people, although a good many of them have not enough to wear; and so England imports food from

other countries and sends out cloth, among other manufactures, in exchange. Now, of course, it depends very largely upon the physical characteristics of a country—such as the nature of its soil, its fertility, the presence of rivers to water the land, of mountains, of metals, and so forth—as to whether it can produce certain necessities of life, and one country generally has in abundance what some other country lacks, while this latter country has a great deal of what the former needs. So if these two countries are at all civilised they will freely exchange what they have in abundance for what they chiefly lack. Thus commerce arises between them.

**2. National Skill.**—Again, the people of one country may be cleverer than those of another, and may be able, for instance, to make up into cloth the wool or cotton which the second country grows in large quantities but does not know how to manufacture, or at least not to manufacture well. Thus, in the Middle Ages England grew large quantities of wool (§ 88) but did not know how to make it into good cloth. At the same time Flanders had not much wool, but the Flemish were very skilful weavers, and so for a long time a considerable commerce took place between our island and Flanders, England sending out wool and receiving in exchange well-made cloth. So we see that, besides the physical characteristics of a country, we must take account in commercial history of the characteristics and talents of its people.

**3. International Carriers.**—But sometimes a country has neither a good supply of raw material or metals, nor are its people clever at manufactures. Nevertheless, they can take a considerable place in commerce, and they do so by acting as carriers between one nation and another. Thus the Venetians and Genoese in mediæval times had hardly any natural products wherewith to trade, but they grew very rich by acting as carriers between the north of Europe and the south, and also Asia, exchanging among other things the wool and linen fabrics of Flanders for the silk of the East. Afterwards these carrier nations became manufacturers also, but their wealth originally came



from their acting as exchangers between various other peoples (§ 53).

**4. The Sources of National Wealth.**—We see then that commerce depends upon the products of a country, upon the skill of its inhabitants, or upon a carrying trade. To-day England affords a good example of how a country may grow rich by practising all three kinds of commerce, for she has abundance of raw material in metals, and manufactures them too; she has no raw material in cotton or silk and comparatively little in wool, but she imports these and works them up into textile fabrics; and thirdly, she has many ships and steamers, and does a great trade in carrying various products and manufactures from one country, including herself, to others. In the course of this book we shall speak of various commercial nations, and it will be a useful task to try to discover from which of these sources they derived their commercial wealth. And here it might be mentioned that a nation's wealth is very often the source of its greatness in politics. When Spain and Portugal were great commercial nations they were also the greatest political powers in Europe, and their wealth, derived from the New World (§ 111), gave them an unequalled political position. On the other hand, England in the Middle Ages was not a very great commercial country, and consequently did not count for much in European politics. But from the reign of Elizabeth onward, when her merchants began to grow enterprising and wealthy, she came to the front rapidly, and after many conflicts with her commercial rivals, established herself in her present position.

**5. Commerce and War.**—Again, allowance should always be made for the commercial elements in war. Many wars arise almost entirely from commercial or economic causes, as did the Peasants' War in Germany (§ 140) and the eighteenth-century wars between England and France (§ 134). But since no war can be carried on without considerable wealth to pay for it, unless indeed it be purely a war of plunder, such as were the barbarian invasions of the Roman Empire, it is a useful exercise, when studying the account of any great war, not merely in commercial but

in general history, to inquire mainly into two points : what was its *real* cause? and how was it paid for? For it is useful to remember that a war arises from a cause, is pursued for an object, and terminates in a result, though very often not the result that the combatants expected. It is also well to notice that somebody always has to pay for it. The great Continental War of 1793-1815, in which England fought, originated partly in commercial and partly in political causes ; was pursued with the object of crushing England's great commercial rival France ; and resulted in the exhaustion of every country in Europe except England, which gained considerable wealth from the demand for her manufactures that arose immediately after it (§ 164). But it was paid for by generations of poverty and misery among the working classes, and by heavy and oppressive taxation imposed upon all sections of the community. The French Revolution, again, was almost entirely due to economic causes, and was, to a large extent, the price paid by France for the military glories of Louis XIV. (§ 143). Those glories were purchased by the misery of French peasants, who took their revenge in the horrors of the Revolution. The crusades of olden times were paid for largely by the rising burghers of English and European towns, who gave their lords money to spend in Palestine in return for municipal and commercial freedom. The exploits of knights like Du Guesclin and other ornaments of chivalry would have been impossible unless the labours of their serfs and retainers had provided them with the necessary means and leisure to perform them ; though there was a curiously commercial side to much of the fighting that went on in those chivalrous times. Thus in nearly all cases it will be found that the history of commerce or the exchange of wealth, and the history of industry or the making of wealth, will give the much-needed explanation of how great historical events were paid for. Nothing in history is gratis.

## CHAPTER II

### ANCIENT COMMERCE

**6. The Chief Nations of the Ancient World.**—The most commercial nation of ancient times was undoubtedly the Phœnician, together with their great descendants the Carthaginians. After them we may place the Greeks, though they hardly ever showed the enterprise of the Phœnicians. But the Greeks did many other greater things in art and literature, and we owe them far more than we do to the Phœnician traders, mighty men though these were. We owe a great deal, too, to the Romans, who have taught us the art of statesmanship, and have left many brilliant examples and warnings in politics. Like the Greeks, the Romans were not an essentially commercial people, but they had the good sense to encourage trade ; and though they at first gained their wealth chiefly by conquest, they always tried to preserve peace and develop the resources of a country when they had subjugated it. The Egyptians were rather an industrial and agricultural than a commercial nation, but their position, as being on the highway from the East to Europe, forced them into commerce, and several of their towns, especially Alexandria, became great commercial centres, though the Egyptians themselves did not go much to sea or travel by land for commercial purposes, but left that in the hands of the Phœnicians and Greeks.

**7. The Phœnicians. Their Discovery of Spain.**—These Phœnicians were the smallest and yet the richest nation in antiquity. They inhabited only a narrow strip of coast-line along the north of Palestine and Syria, between Mount Lebanon and the sea, but in the dim ages before Greeks

and Romans arose upon the world's stage they were the masters of the Mediterranean. Their two great cities, Sidon and Tyre, were flourishing centres of commerce and manufactures when the Israelites came out of Egypt, and their ships and sailors were the finest in the ancient world. Indeed, from their position the Phœnicians had every opportunity of making good ships, for the mountains of Lebanon immediately behind them afforded an abundant supply of valuable timber, especially cedar and fir, and in the ships thus built their sailors made their way along the coast, first to Cyprus, then to the islands of the Ægean Sea and Greece in the north, and to Egypt and Africa in the south, and so along the shores of the Mediterranean Sea till they came at last to Spain, which in those early times was the richest known country in minerals, especially in silver. The discovery of Spain and its silver was to the Phœnicians what the discovery of the mines of Peru was to the Spaniards in more modern times. It gave them at once immense wealth, and they proceeded to develop the country assiduously. They had discovered it apparently about 1050 B.C., the first point touched being the mouth of the Baetis or Guadalquivir, and here they founded Gades (or Cadiz) and Tartessus, which is probably the same as the Hebrew Tarshish. Besides silver they got from Spain tin, lead, iron, and even gold, as well as abundance of corn, wine, oil, wax, fruit, and fine wool.

**8. The Phœnicians in North-West Europe and in Asia.**—Moreover, they used it as a kind of basis for trading operations in the north-west of Europe, for, starting from Gades, their ships now went up the west coast of Spain till they came to the Cassiterides, whence they got large quantities of tin. Proceeding still farther into what then seemed very distant regions, they seem to have visited the lands on the coast of the Baltic Sea.<sup>1</sup> Thence they got corn, wool, hides, furs, and amber (then very highly prized), large quantities of fish, copper and other metals, and timber; in exchange for which the Phœnician cities exported their own manufactures, such as purple-dyed robes, carpets and fine

<sup>1</sup> There was no regular direct trade, but the Phœnicians evidently had some knowledge of them.

cloths, works in gold, silver, ivory, amber, and even glass. In fact, the Phœnicians imported largely raw material, made it up, and re-exported it in its manufactured forms, being specially skilful in the preparation of purple and scarlet-dyed fabrics. Those European products they also exported, either raw or manufactured, into Asia by means of caravans which went to Syria, Palestine, Armenia, Arabia, Egypt, Babylon, and still farther east, by way of Damascus, Tadmor, and the town Thapsacus on the Euphrates, whence they could go by water and get into the Indian Ocean and India itself. But besides these caravans, their ships sailed also from the Red Sea to the land of Ophir, which is said by some to be the coast between the mouth of the Indus and the present Bombay; or possibly it may be that portion of Africa now called Rhodesia. They also sailed along the north coast of Africa to Mauretania (Morocco), where they founded a colony called Auza. Once, at the command of Necho II., King of Egypt, some Phœnician sailors even circumnavigated Africa (about 620 B.C.), but they did not make any further use of their knowledge.

**9. Rise of Carthage.**—But in course of time the Phœnician power declined considerably amid the warfare and confusion caused in Asia and in the Babylonian Empire by the invasions of Sargon the Assyrian (710 B.C.) and previous wars in the eighth century B.C. Many of the merchant princes of Tyre emigrated to Carthage, and when the Persian monarchy was founded by Cyrus about 538 B.C., many others, not liking the change, came to reinforce the previous settlement. The result of these migrations was the rapid growth of Carthage, and in a short time the Phœnician power was inherited by this colony, though new rivals now began to appear, namely the Greek colonies, of which we shall speak later. Carthage, or Kirjath Hadeschath<sup>1</sup> as its own people called it, was founded on a peninsula in a little bay on the Gulf of Tunis, which formed a splendid natural harbour. The land round about was fertile, being well watered by the river Bagradas (Mejerda), and producing corn, wine, and oil in

<sup>1</sup> Kirjath means *town* and Hadeschath *new*, being so called to distinguish it from the "old town," Tyre. *Kirjath* is a prefix frequently found in Biblical names (*Kirjath Jearim*).

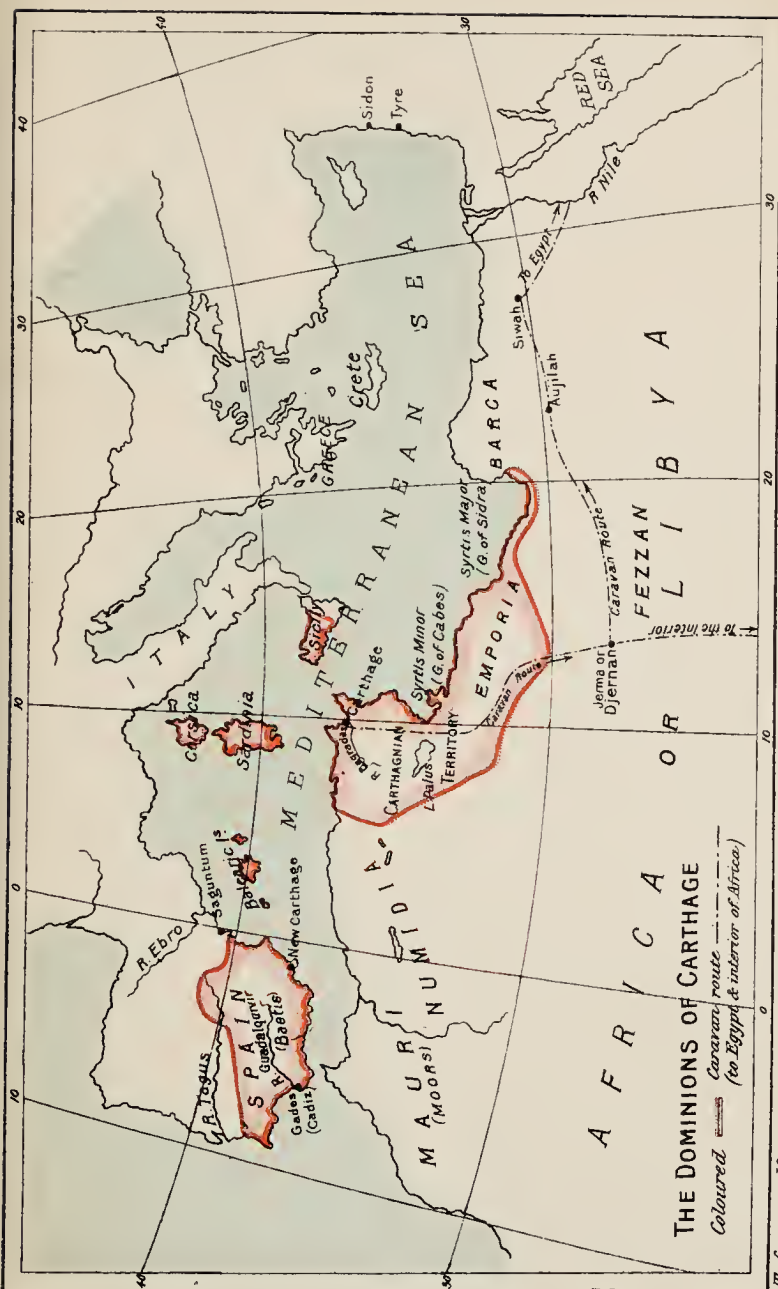


abundance. The foundation is said to have taken place about a century before that of Rome, which would make it about 850 B.C. The city very soon gained great wealth and maritime power, conquered Sicily, the north-west coast of Africa, and the Balearic Islands, and thus gained complete possession of the western half of the Mediterranean. This Carthaginian power is proved by a statement of the historian Polybius, who mentions a treaty made between Carthage and Rome in 509 B.C., by which the Romans were forbidden to sail (westward) beyond "the Fair Cape," a promontory just north of Carthage, and later the Romans were even forbidden to trade with Sardinia, for both this island and Corsica belonged to the Carthaginians. They were left undisturbed for centuries in their possessions, and even when the great Persian conqueror Cambyses wished to fit out a fleet to subdue them in 525 after his conquest of Egypt, he was compelled to forbear, since the Phœnicians who provided and manned his fleet refused to fight against their kinsmen. Thus their power grew and prospered.

#### 10. Carthaginian Navigation, and Trade with Africa.

—They had inherited the riches of Spain, and now founded several towns there, including New Carthage on its south-east coast. From Spain they still continued the voyages formerly made by the Phœnicians to the north, and in the south they penetrated still farther, venturing along the west coast of Africa as far as Sierra Leone.<sup>1</sup> They also used caravans for journeys in the northern part of Africa to Egypt, and so to the Red Sea. The route led from Carthage to Djerman in Fezzan, thence to Zuila or Zala, then to the oasis of Aujila, then to the oasis of Jupiter Ammon or Siwa, and after that through the desert to the Nile. Their ships of course also traded along the African coast, especially with the country south of the Gulf of Cabes, which land was then called *Emporia* or the Markets, because of its busy life and

<sup>1</sup> The African coast was explored as far as here by Hanno about 520 B.C., who was sent out upon a special voyage of discovery and wrote an account of it. Another explorer, Himilco, was sent to the "northern coasts of Europe," and is said to have voyaged for four months, apparently in the Atlantic.



# THE DOMINIONS OF CARTHAGE

Coloured  Caravan route (to Egypt & interior of Africa)

To face page 10.





fertility. Hither came the products of the interior of Africa, which the caravans also collected—gold, ivory, slaves, ostrich feathers, ebony, and dates. In exchange Carthaginian traders exported thither corn, meal, wine, and various kinds of ornaments and gaudy clothes such as African traders use to the present day. Their export and import trade with North Europe and Asia was the same as that carried on by the Phœnicians.

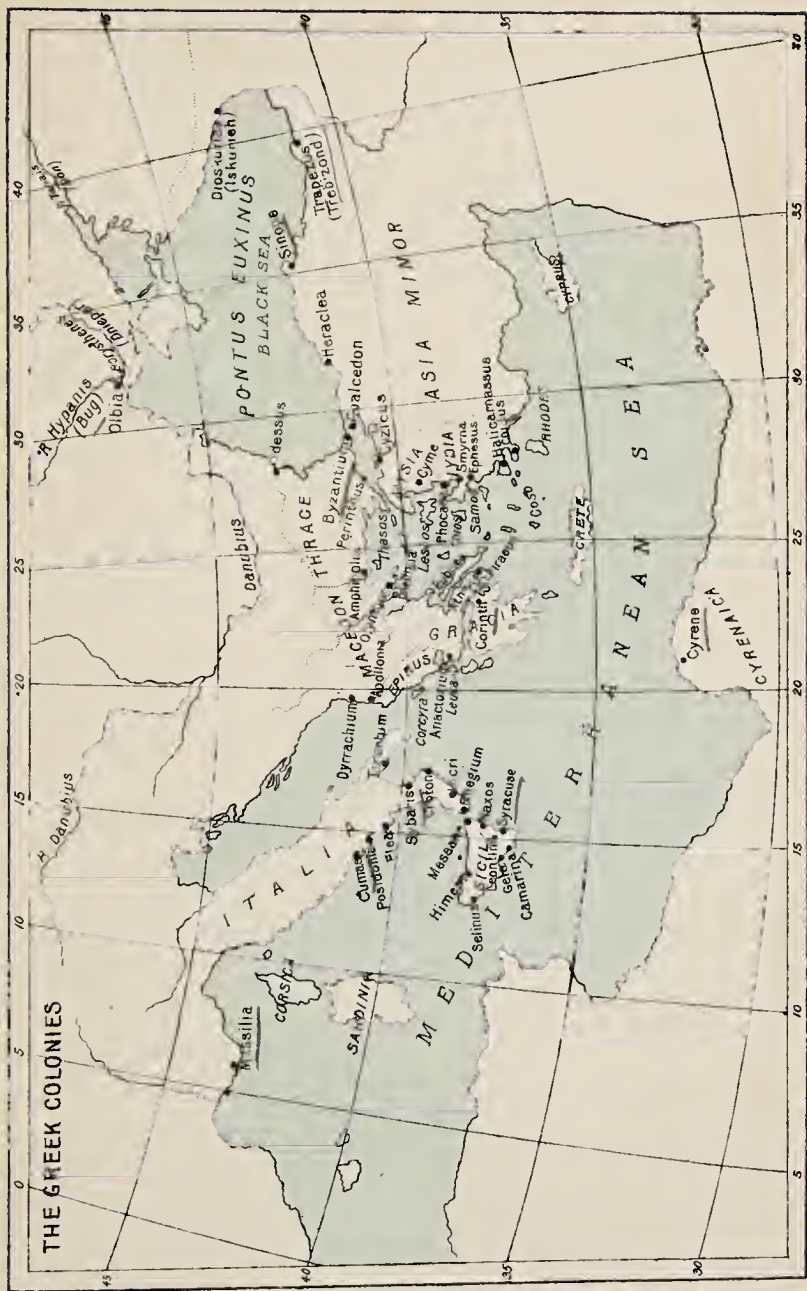
**11. Decline and Ruin of Carthage.**—At the height of its power Carthage was very rich and mighty; but its increasing empire led it into difficulties which ultimately proved its ruin. It wished to complete the conquest of Sicily and gain the eastern half of the island, and thus came into collision with the rulers of Syracuse and the Greek colonies. Among these Greek leaders worthy of note was Gelon, who fought a desperate battle with the Carthaginians in 480 B.C.; Dionysius, who lived about a century later (397 B.C.); and Agathocles, who lived at the end of the fourth century (309 B.C.). Then the Carthaginians met Rome, which had now subdued Italy and was extending its power outside that country. We need not here go into the details of the long and desperate conflict that decided which nation was to rule supreme in the Mediterranean. At first Carthage gained the advantage owing to her naval and maritime strength; but she had one fatal weakness in her defence: she possessed no native army of her own, but had to rely on mercenaries, and these in the end proved her ruin. The First Punic War lasted from 264 to 241 B.C., when Carthage was defeated and had to give up Sicily and Sardinia, and afterwards Corsica. After twenty-three years war broke out again in 218 B.C. Hannibal, the great Carthaginian, led an army over the Alps into Italy, and at one time it seemed as if Rome would be utterly crushed. But the fortune of war turned, and Carthage was again defeated (202 B.C.), being made a dependent ally of Rome. Finally, in the Third War (149 B.C.), the Romans utterly destroyed the city of Carthage and made its territory a subject province.

**12. The Greeks and their Colonies.**—The second nation that inherited the trade of the Phœnicians was the Greeks,

who became the greatest colonisers of antiquity. The nature of their country with its numerous bays, inlets, and adjacent islands predisposed them to commerce and navigation from early times ; and when, about 900 B.C., the Dorian invasion caused a general rearrangement of the Grecian peninsula, large numbers of the other Greek races, the Ionians and Æolians, migrated to the islands of the Ægean Sea, and from thence betook themselves still more definitely to maritime trade. Some of them also settled upon the coast of Asia Minor, and soon this coast and the islands too were filled with flourishing commercial cities. The Æolians founded on the Asiatic coast twelve cities, of which Smyrna and Cyme were the most important ; they also founded Mitylene in Lesbos, and colonised Tenedos. The Ionians settled chiefly in Lydia, their most important cities being Miletus, Colophon, and Ephesus, besides numerous others. The Dorians went to the coast opposite Rhodes and Samos, and founded Halicarnassus and Cnidus, and also the town of Rhodes.

**13. Their Trade and Manufactures.**—In time many of these colonies became not only important maritime cities, but also carried on many manufactures. Miletus reared sheep, and from their wool made fine clothing and carpets, while her trade extended into the interior of Asia in the east, and to the Straits of Gibraltar in the west ; and especially did she win a large share of the Black Sea trade, exporting thither wine and manufactured cloth, and importing skins, hides, wool, and slaves. The Phocæans—a colony of Miletus—were, together with the Samians, the first Greeks who sailed to Spain and the south coast of France, where they founded Massilia; now Marseilles. The Samians, who dwelt in the city and island of Samos, carried on their trade chiefly with the coast of Africa, and even sailed beyond the Pillars of Hercules (Gibraltar). They were famous, moreover,—just as Florence, another great commercial city, also became,—for their artistic skill and taste, for many famous sculptors and artists came from Samos.

Of the cities on the coast of Asia Minor, Smyrna, which is still a flourishing emporium, deserves mention, as also



as maritime and commercial centres the towns of Chalcis and Eretria in Eubœa, and Ægina, the centre of the district between Attica and Argolis. Of Corinth and Athens we must speak separately.

**15. The Greeks in Italy.**—We must now, however, glance at Greek colonies in the west and south of the Mediterranean Sea. The earliest settlement in Italy was probably Cumæ in Campania, near Cape Misenum, said to have been founded as early as 850 B.C. For a long time it was the most flourishing city in Campania, till at length its importance was overshadowed by its younger rival Capua in the fifth century B.C. Many other colonies followed Cumæ, and in course of time the whole southern coast of Italy was lined with Grecian cities, who conducted nearly the whole of Italian trade, and so flourishing were they that Southern Italy was called *Magna Græcia*, just as to-day we often speak of our own English colonies as Greater Britain. The earliest of these cities were Sybaris (720 B.C.) and Croton (710 B.C.), the former of which attained by its commerce to such a pitch of wealth and luxury that the name of its inhabitants, Sybarites, is synonymous with luxurious voluptuaries. Indeed most of these Grecian colonies were distinguished for their love of pleasure and general wealth. Locri, Rhegium and Tarentum, Elea, Posidonia, and Metapontum remain to be mentioned in Italy, while in Sicily, where the richness and fertility of the soil attracted many settlers, Syracuse (B.C. 734) and Agrigentum were the richest and most powerful. Naxos, Messana, Himera, Selinus, Gela, Leontini, Catana, Megara, and Camarina were the most notable after these. These towns exported from Sicily large quantities of corn and fruit, wine and oil, besides doing a considerable carrying trade between Italy and Egypt and the East. From Italy they exported wine and cattle, importing articles of Greek manufacture such as pottery, metal wares, and clothing.

**16. The Greeks in Africa.**—Along the north coast of Africa the Greeks planted various colonies between the territories of Carthage and Egypt. The head of these

was Cyrene (630 B.C.) situated on the edge of a range of hills ten miles from the shore, where it had a port called Apollonia. The climate was healthy and the soil fertile, and in time Cyrene itself founded four other towns, the whole five being then known as the Pentapolis or confederacy of five cities, the most important of which was Barca. The Pentapolis carried on an active trade, both by land and sea, with Egypt, Nubia, and the interior of Africa, exporting thence to Greece, Asia Minor, and Italy, wool, sheep, horses, the plant sylphium much used by the ancients as a spice, grain, oil, saffron, dates, amethysts, onyxes, and other precious stones, and importing to Africa in return Greek manufactures of cloth with wine and corn. And, as we shall see, the Greek colonists carried on most of the commerce of Egypt, both interior and exterior.

It is to be remembered in considering the commerce of antiquity, that almost all great industries, among the Greeks and Romans, were conducted by means of slaves, of whom rich men owned very large gangs. About the year 400 B.C. a slave could be purchased in Athens for about £4, and slaves were a very common form of investment. These slaves were either employed by the owner in his own business or were let out for hire. Some of them, of exceptional skill, were allowed to open shops, paying a large royalty to their owners, as was usual, to quote a modern instance, also in Russia before the recent emancipation of the serfs.

NOTE ON CURRENCY.—The earliest commercial transactions were, no doubt, merely barter, conducted with much haggling, and with only a vague reference to some unit of value, such as a cow. The Phœnicians apparently learnt from the Babylonians, and popularised throughout the Mediterranean, the use of gold and silver and of standard weights and measures. The weights used by maritime peoples bore everywhere the following proportions, viz. 1 *talent* = 60 *minae* = 3000 *shekels*, but the standard shekel or talent varied in different places. Ingots or rings of gold and silver were used very early, but must have been weighed on delivery. The invention of coins, *i.e.* of pieces of precious metal stamped and purporting to be of a certain weight, is ascribed to the Lydians of the seventh century B.C. Gold was not struck by Phœnicians or Greeks before about B.C. 330, but Persian gold coins were familiar enough



in commerce and exchanged for thirteen times their weight of silver. The commonest Phœnician (and Jewish) coin was a silver shekel of about 230 grains, worth about 2 $\frac{3}{4}$  shillings. The commonest Greek coin was ultimately the silver *stater* (shekel) or *didrachmon* of 135 grains, worth about two francs. The Greek silver *drachma*, worth about one franc, was imitated by the Romans in their silver *denarius*, first issued B.C. 269. Bills of exchange were used freely in the fourth century B.C.

A visit to the British Museum will impress very vividly upon the student the extent and antiquity of commercial transactions among the most ancient peoples of the East, as shown by the tablets inscribed with accounts and commercial memoranda preserved in the Assyrian department.

ADDITIONAL NOTE.—It may be well to remark that some misconception exists about Greek coins. The facts are that *electrum* (not gold) was coined at Phocæa about 600 B.C.; and gold ‘Philippi’ were coined in Macedonia about 350 B.C. But *electrum* was not gold and Macedonia was not Greece. Cf. *Smith's Dict. of Antiq.* (3rd Edition) *s.v.* Aurum, Argentum, Nummus, Pondera, etc.

## CHAPTER III

### GREECE AND ROME

**17. Corinth.**—It is rather curious that only a few of the cities of Greece itself distinguished themselves in commerce, and hardly any of them did so to such an extent as their colonies. Corinth was, perhaps, the most distinctly commercial city, being well situated on the isthmus between the Ægean Sea and the Adriatic. Light ships could be dragged over this isthmus on rollers, thus avoiding the rather dangerous voyage round the Peloponnesus, while heavy ships unloaded their goods there which were then carried across and re-shipped on the other side. Thus in those days Corinth was naturally the centre of an important traffic, though now improved navigation has long since drawn the stream of shipping away from it to a more direct route. It was also an important manufacturing town, carrying on the weaving and dyeing of cloth, and works in metal, which were exported all over the ancient world. It founded a colony in the island of Corcyra (Corfu), which grew very rich and possessed a large fleet, and though the colony and the mother city often quarrelled, they united in founding four other settlements upon the west coast of Greece—Leucas, Anactorium, Apollonia, and Epidamnus.

**18. Athens.**—Athens was likewise distinguished for its commerce and manufactures, being the market and centre for the whole of Greece. Its manufactures consisted chiefly of tools and utensils of metal, the ore for which came from Etruria, and of pottery made from the clay in which the soil of Attica abounded. Thus its exports were mainly

metal wares (in copper and bronze), pottery, and objects of art ; for it is well known that Athens was the artistic centre of the ancient world. The imports were : fish, dainties for the table, wine, oil, and spices, together with stones, minerals, and timber of all kinds for artistic purposes, ivory for covering statues, wool and leather to manufacture ; and finally large quantities of corn, for the soil of Attica could not grow enough to supply its own population. Athens carried on a considerable trade with Italy, Sicily, and even with Carthage and the western Mediterranean, and there is little doubt that the great expedition to Sicily in 415 B.C. was undertaken with a view of extending her growing commercial power in the West, and of finally forming a great western colonial empire. But this dream came to a disastrous close.

**19. Decay of the Grecian States.**—In the days of the independence of the Greek republics trade, manufactures, and commerce flourished and increased exceedingly, but their fall, resulting from their own internecine quarrels, and the subjugation of Greece to the Macedonian power under Philip after the battle of Chæronæa (338 B.C.), caused their decay. This was hastened by the results of the eastern conquest of Alexander the Great (336-323 B.C.), which caused the cities of Asia Minor, such as Seleucia and Antioch, to acquire most of the Greek manufactures, while Alexandria in Egypt and other ports gained most of the maritime trade, especially under the rule of the Ptolemies (after 323 B.C.) Alexandria became the commercial metropolis of the world, and Greek merchants deserted Greece to go to Egypt and northern Africa, while the rapidly increasing power of Rome caused a new direction to be given to trade. The centre of the political world was shifted from Greece to Italy, and consequently the conditions of trade became considerably altered. The history of commerce is now involved in that of Rome.

**20. Egyptian Commerce.**—But before discussing the commerce of the Romans we may just glance briefly at that of Egypt. This oldest of empires has well been called the China of antiquity, for, like the Chinese, its people, though



industrious at home, did not care to go abroad or engage in foreign trade. Yet Egypt from its situation naturally had a good deal of commerce, but this was carried on chiefly by foreigners, *i.e.* Greeks and Arabians. The fertile valley of the Nile produced large quantities of corn, rice, cotton, and flax; and the Egyptians were assiduous agriculturists, besides making quantities of linen and cotton cloth, as well as utensils and pottery. The Arabian merchants brought them, in return for these products, wool, ivory, gold-dust, spices, and slaves from Africa, Arabia, and farther east; and as Egypt has no metals or timber, the Phœnicians brought the wood of Lebanon, as well as copper and iron which the Egyptians wrought into weapons. But it was the Phœnicians and Greeks who did all the foreign maritime trade, though the Egyptians did some in the interior in boats on the Nile and on their numerous canals. The Pharaoh Psammetichus deserves credit for his enlightened policy of admitting these foreign merchants as settlers in the country (about 650 B.C.), for formerly they had only been allowed to visit it strictly as traders, and then were confined to the coast. After this even the interior trade of Egypt fell almost entirely into the hands of Greeks, and, as mentioned above, after the fall of Greek independence and the conquests of Alexander the Great, the port of Alexandria became the commercial metropolis of the world, while Greek merchants settled in large numbers in that and other towns of Egypt. In fact, the Egyptians at no time of their history did much foreign trade themselves, but left it to the Greeks.

**21. Rome and Roman Merchants. Trade-Gilds.**—The Romans, who succeeded to the empire of the ancient world a century or two after the death of Alexander, were not a commercial nation. They were splendid warriors and statesmen; they have taught law and the science of politics, such as it is, to the modern world; and marvellous their influence has been. But their function was rather to govern than to work or trade, and they did the business of government upon the whole fairly well.

Yet it must not be supposed that because the Romans

were not essentially a commercial people, they therefore did not engage in trade and industry. On the contrary a large number of them did so, and in any case the supplying of the wants of an immense city like Rome, which in the time of the Emperor Augustus contained some 1,500,000 or 1,800,000 inhabitants, and was the greatest market of the world, must have induced many Italians and Romans to become merchants. Hence we find that, even half a century before the reign of Augustus, the Asiatic monarch Mithridates found no less than 80,000 Italians engaged in trade in Asia Minor; and Romans are spoken of as trading amongst the tribes of Gaul and Germany,—even before their conquest by Cæsar,—in Arabia Petræa, and Taurus. Pliny, Varro, and Strabo mention that 120 vessels went yearly for Roman business to the delta of the Ganges, and Pompeius, the rival of Cæsar, had explored the route to India *via* the Caspian Sea, the Indus, and Bactriana. But perhaps it was not so much Roman merchants as their representatives that went to the far East. Yet Roman merchants were great capitalists and bankers, in so much that Cicero asserts that “not a single sesterce is in circulation in the province of Narbonensis (S. France) that is not entered in Roman account books.” From the earliest days it is evident also that certain industries had been practised by the Romans, for the people were divided into trade-gilds, as Plutarch tells us; and companies of merchants are also found constituted under the patronage of a god (Mercury), just as mediæval merchants constituted themselves into a company under a patron saint. We even find in classical Italy great annual fairs, the exact counterpart of those in the Middle Ages, the most celebrated of which was held at Feronia.

**22. Industries of Rome.**—The industry of the trade-gilds just spoken of was at Rome, just as in modern Paris, chiefly directed to the production of articles of luxury. There was a crowd of carvers and moulders, dyers, embroiderers, lace-makers, cabinet-makers, workers in stucco, bronze, and gold. There were cloth manufactories and potteries both in Rome and various other Italian towns; and in the capital itself it is noticeable that the book-trade

was very important. The price of books in classical times was, owing to slave-labour in copying them, remarkably cheap; for a copy of Martial's epigrams, in a purple case and well polished, could be had for 5 denarii. The glass and paper trades were also flourishing. A good many of these industries, however, were carried on by foreigners residing in Rome.

### 23. The Imports and Exports of Rome: Harbours.—

These various manufactured articles constituted the exports of Rome, together with the inferior qualities of wines (for the Romans kept the best for themselves), fine wool, saffron, sulphur, and honey. But only comparatively small quantities of these were exported. The imports far exceeded the exports in number and value. But since exports and imports must always, in theory at least, balance each other, and the question arises how did Rome pay for her imports when she had so little to give in exchange? She paid for them in ready money, this being derived from the tribute paid to her from the conquered provinces. Thus it will be seen that the provinces took back much of their tribute again from Rome by supplying the imperial city with the multitude of imports she needed, and getting them paid for from the proceeds of their own taxation. This state of things was of course only possible under a system of conquest and subjugation of provinces such as that carried on by the Romans.

Let us now glance at her imports. They came into Rome through three seaports: Ariminum (Rimini) for the products of Gaul and north Italy; Ostia and Puteoli for the products of Africa, Spain, farther Gaul, Egypt, and the East. Ostia was but a poor harbour, and so Augustus made a canal to Terracina, which was reached by sea from Puteoli and gave an easy passage to barges drawn by mules. Claudius and Trajan subsequently built fine harbours at Ostia, but the deposits from the river Tiber have now choked them up and they are a mile or more from the shore at the present day. But in earlier times vast quantities of merchandise came in through these ports.

### 24. The Products of the Western Roman Empire.—

Cisalpine Gaul sent millet, pitch, wine "in casks as tall as houses," fine wool from Mutina (now Modena), coarse wool from the district of Mediolanum (Milan), pigs and also carpets, mantles, and hangings from the great manufacturing town of Padova (Padua). From Sicily came large quantities of corn; also cattle and wool, honey, carvings, and valuable cloth made at Malta, whose weavers were famous since the days of the Phenicians. Narbonensis (S. France) produced the same fruits as Italy, abundance of wine and oil, corn, millet, honey, cattle, and salt pork. The rivers of France afforded excellent means of transport besides the Roman roads; and the chief exporting ports were Marseilles and Narbonne, which sent the products of the interior—coarse tunics, linen cloth, and fine quality of red cloth. These two ports communicated with the great inland towns and others on the west coast, such as Toulouse, Bordeaux, Arles, Nismes, Vienne, Lyons, Autun, Trèves, Rheims. Through Gaul, too, came the produce of Britain—tin and lead and iron, cattle, leather, slaves, pearls, oysters, and jet, and far-famed hunting dogs. Spain furnished a great variety of products—corn, wine, fruit, oil, honey, wax, dyes, pitch, vermilion of great price, salt, oysters, hams, and horses. Especially too must we notice Spanish wool, for Spain was a great wool-growing country from antiquity throughout the Middle Ages to our own times. It produced also large quantities of minerals, as we mentioned when speaking of the Phœnicians—iron and copper, silver and gold; and Horace mentions the Spanish cuirasses made from their own metals. Pliny says gold nuggets of ten (Roman) pounds weight were found. The mountaineers of North Italy and the Alps sent resin, pitch, honey, and wax, and at Aquileia were valuable gold mines. A road from this place ran across Mont Ocra, the lowest part of the eastern Alps, to Nauportus<sup>1</sup> on the Laibach (a branch of the Save), where goods were embarked and carried down to the Danube, and thence into what is now South Germany and Austria. Down this route came also the products of the north—amber, furs, iron, and slaves. It will thus be seen that commerce was active in western Europe, and

<sup>1</sup> At first, but later Emona.

home industries, especially metal-working and weaving, besides agriculture and fisheries, were rapidly developing, especially in Spain, the richest province in the West.

**25. The Products of the Eastern Empire.**—In the eastern half of the empire, Greece and the Greek islands had been comparatively depopulated. This depopulation favoured the breeding of horses on the lands which had been turned into pasture. Honey, wine from Lesbos and Chios, copper and figs from Cyprus, perfumes made at Athens and Corinth, marble from Paros and Chios, Corinthian bronze, and the fine fabrics of Elis, were the chief goods sent. At this time Asia Minor was far more flourishing than Greece. No less than five hundred cities—rich, populous, and industrious—were engaged in trade and manufactures: among which we may notice Milesian cloths and carpets, works of art of all kinds, bronzes, gold and silver-smiths' work, iron work from Cibyra, carpets from Laodicea, pottery, marble, the dyes of Hierapolis, wines from Tmolus. Through these cities, too, came the traffic of the farther east—even from China, India, and Tartary. Wools, furs, slaves, precious stones, silks, came from these countries *via* the river Oxus and the Caucasus to Iskurieh and other ports on the Black Sea. There was also another route from the Persian Gulf, through northern Arabia and Syria, up the Euphrates to Thapsacus, and thence *via* Palmyra to Mazaca on the river Halys and so to Ephesus, one of the chief commercial towns of Asia. By this route came the carpets and woven stuffs of Babylonia, and other Eastern commodities, as mentioned above. From Syria and Phenicia came purple, cedar-wood, and cedar-oil, and very good glass from Sidon. Egypt exported to Rome vast quantities of corn, her own manufactures of woven stuffs, and coloured glass of Alexandria. It also forwarded the slaves, ivory, and ostrich feathers of Africa; perfumes, incense, and gold from Arabia; spices, cinnamon, ginger, myrrh, cinnabar, perfumes, precious stones, pearls, and silk from India. Large quantities of grain came from the northern coast of Africa, as well as wild beasts for the Roman games, horses, and other products as just mentioned.



These came from the interior by the old caravan route of the Carthaginians (§ 10). Even the half-savage north coast of the Black Sea contributed its quota to Rome, the Scythians bringing down wool, fur, slaves, and gold to the ports which the Greek colonists had used (§ 14). Fisheries were also carried on on a large scale.

**26. Roman Roads and Posts.**—The enormous commerce thus described was greatly facilitated by the splendid roads which the Romans invariably made as soon as they had conquered a country, and which took the place of our modern railways. It is a noticeable fact that these roads were so well made and so useful that ancient commerce was chiefly carried on by land ; while in later times, as the old roads went out of repair, merchants in the Middle Ages always tried to go by water wherever possible. The network of Roman roads spread all over the provinces, starting from the Golden Milestone in the Forum at Rome, and was carefully looked after by the government. Before the empire, the senate had traced military roads throughout Italy, and had made a great highway through the mountains of Epirus and Macedon. They had made another from Rome right along the coast of Italy to France and Spain. Augustus continued farther branches of this road into the interior of these two countries, and many others were made in all parts of the empire.

On these roads Augustus regulated and arranged regular posts, which, though existing formerly, had not been much developed, the cost of the post being defrayed by the cities through which it passed, who complained greatly of the burden. Augustus now placed upon all the roads leading from the Golden Milestone at Rome relays of couriers, and afterwards vehicles, which were kept always in a state of perfect efficiency. The distances were regularly marked out, and proper time-tables existed giving the distances from point to point along the road. This system of posts was first established for political purposes, so that the emperor might have speedy information of events happening in the provinces.<sup>1</sup> In much the same spirit the roads had been constructed for military purposes, so that troops

<sup>1</sup> Of course these were for imperial purposes : other arrangements were private.

could readily be sent to any part of the empire. But of course both posts and roads helped largely in the development of commerce, giving security and rapidity of communication from east to west and from north to south. One cannot insist too forcibly upon the immense influence which these roads had not only upon commerce, but upon civilisation in general. They were part of the great system of *organisation* which distinguished the Roman people. Under the Romans the world for a long time had peace and leisure to develop its resources, and though their main idea was that other nations should be ruled for the benefit of the Romans and not for their own, the Roman system of administration undoubtedly favoured and stimulated the arts of peace and the progress of civilisation. But the empire could not last for ever, and about four centuries after the Christian era it was invaded by hordes of barbarians, who caused complete chaos and confusion and destroyed nearly the whole of the industry and commerce of Roman times. We shall deal with their invasions in another chapter.

NOTE.—(a) *Commercial Tribunals*.—It is not to be supposed that in ancient times foreign commerce was conducted without disputes, which caused great practical difficulties. Suppose, for instance, an Athenian bought corn of an Egyptian at a fixed price, and either the corn supplied was not up to sample, or the buyer would not pay? How could the foreigner obtain redress? Among the Greeks the difficulty was settled in the following way. States entered into treaties with one another, determining the principles of law which they would enforce in favour of one another, and also the mode in which a citizen of either state might plead and obtain his rights in the courts of the other. As a rule, each contracting state had a *proxenos*, or resident consul, in the other, and the *proxenos* conducted actions for citizens of the state which he represented. Among the Romans, while Rome was a small state, a similar system prevailed, but, as the Roman empire extended and covered almost all countries which had an organised commerce, a different plan was adopted. A Roman province was governed by a code put forth by the Roman governor. Most of this code was usually borrowed from the local law, but much of it consisted of general legal principles, supposed to be common to all nations, and therefore called *Jus Gentium*, “the law of nations.” It was to this

part of the code (the foundation of modern International Law) that a foreigner, whether a Roman citizen or not, was allowed to appeal.

(b) *Roman Currency*.—The Romans used at first copper, and, after 269 B.C., silver, but under the Roman empire a gold standard was general, and the silver and copper were allowed to degenerate into tokens of nominal value. The chief actual coins were 1 *aureus* (about £1) = 25 *denarii* (silver) = 100 *sestertii* (brass).

(c) There is unfortunately not space here to enter into the interesting question of Roman *taxation, customs duties, etc.* and their influence upon trade; but their importance should not be overlooked.



BOOK II

MEDIÆVAL COMMERCE



## CHAPTER I

### THE BARBARIAN INVASIONS AND THE DECAY OF COMMERCE

**27. The Teutons and the Romans.**—We have now come to a time when there is a great break in the history of commerce, culture, and industry. We have reached the period when the nations of the great Teutonic race, to which the English and the Germans alike belong, began to make their way inside the boundaries of the Roman empire, till at length they finally overran it, and produced for a long period industrial and political chaos. Every one knows how the various German tribes had been some of the most dangerous enemies of Rome ever since Augustus became first Emperor of Rome in 27 B.C. About a century later a well-known Roman author called Tacitus gave a very celebrated account of these tribes, and also mentions many battles fought against them by Roman generals. Indeed the most valiant emperors of Rome had very often to fight with all their strength against these half-barbarous peoples that kept ever pressing nearer and nearer to the limits of their empire. So things had gone on for three centuries, up to the days of Constantine (306-337) and Julian (361-363), who both had to fight against these Teutonic nations, as also Valentinian (364-367) was compelled to do. In all these wars the Germans, constantly beaten back though they were, grew gradually stronger and stronger, and learnt, too, much of Roman discipline and Roman civilisation. Many of them used to enter the service of the Roman emperors as their

guards, and served in their armies when they did not happen to be fighting against them. But at length, after many years of continuous struggle, the great crisis came. It happened just about a century after the reign of Constantine. The Teutonic nations themselves began to be pressed by foreign foes—by the fierce and savage Turanian tribes that poured forth in vast, overwhelming hordes from the wilds of the far east of northern Asia. Chief among these tribes were the Huns, who were now making their way into Europe, and bringing terrible devastation as they came. And though the great attempt of the Huns to enter the Roman empire did not take place till half a century later, when Attila their leader was beaten back by Romans and Teutons combined at the great battle of Châlons (451), yet this immigration of theirs caused very great confusion among the Teutonic tribes, who were already dwelling upon the fringe of the Roman world.

**28. The Invasion of the Goths and Franks.**—The first nation thus unsettled by the Huns were the Goths, who were driven across the Danube and settled in the Roman empire in 376 A.D. They were always at variance with the emperors, and at last a great leader of theirs, Alaric, king of the West Goths, took and sacked Rome itself (410). His successor Athaulf led the Goths into Gaul and Spain, and set up a Gothic kingdom there (414). Other tribes made similar incursions, and also settled down into what afterwards became celebrated kingdoms—the Burgundians in the south-east of Gaul, and the Franks in part of Gaul and part of what is now Germany. The first great king of the Franks was Clovis (481-511), whose name is really the same as the modern French Louis so common among later French kings.

The East Goths and Vandals also poured in over the Roman empire; but though Theodoric, a king of the East Goths, reigned at Rome for some years (493-526) and made Italy a very flourishing country, no great lasting kingdom was founded by either of these tribes. But from the West Goths and the Franks the Romance nations and kingdoms finally rose up, and the great Teutonic invasion

in the course of time quieted down, and, as it did so, laid the foundations of what we know as mediæval and modern Europe. At the same time, too, other Teutonic tribes, the Angles and the Saxons, were settling in Britain and laying the foundations of our own English nation.

**29. Division of the Roman Empire: Further Invasions.**—During the fourth and fifth centuries, while the old Roman empire was breaking up, it was divided into two parts (364), the Eastern and the Western, Constantinople being the capital of the former. But in the sixth, seventh, and eighth centuries there was only one Emperor who reigned at Constantinople. Under Justinian (527-565), a very famous emperor, aided by his great general Belisarius, a very large part of the Western empire was won back from the Goths and Vandals; but in the next two centuries this, together with Spain and Egypt, was lost again. Another great incursion took place. The Lombards, coming from the Elbe, descended upon Italy in 568 and settled there. Then the Saracens conquered the eastern and African provinces of Rome, and established themselves in Spain (710), where they remained for centuries. Finally in the eighth century Rome and Italy separated entirely from the Eastern empire and chose the famous Frank king, Karl the Great, as Emperor of the West (800 A.D.)<sup>1</sup>

**30. Results of these Invasions.**—These great waves of national migration that passed over all Europe utterly obliterated for a time the old civilisation and the old commerce. Only in the extreme East, in the Byzantine empire, did a few relics remain. Everywhere else was chaos and disorder. The long period which we have just hurriedly sketched, from the reign of Constantine to that of Karl the Great (306-800), affords little material for the history of commerce. It is one of the few great breaks in commercial history. For a long time the semi-barbarian immigrants were content with the simplest necessities and the products of their own soil. There was no demand

<sup>1</sup> For the history of this period cf. Prof. Freeman's *General Sketch of European Hist.*, ad loc.

*See Chapter 2*

for foreign wares or costly articles of comfort and luxury such as the old Roman world had delighted in. It was in Italy, Spain, and the intermediate coast of the Mediterranean, where the influence of the Roman civilisation was strongest, that commerce first began to spring up again. In the Teutonic world of the Franks, *i.e.* in France and Germany, we cannot really discover much commercial activity till the reign of Karl the Great or Charlemagne (771-814). But under him a new civilisation arose, and new industrial life sprang up with the great works,—the roads, bridges, and canals,—and with the encouragement of education, agriculture, and manufactures which are due to him. He renewed relations with the far East, and was a friend of that famous Caliph of the *Arabian Nights*, the great Haroun al Raschid (786-808).

**31. The Northmen.**—But owing to the weakness of his successors the great empire of Charlemagne was split up in the course of the ninth and tenth centuries. The kingdom of France, as we know it, arose in Gaul; the kingdom of England grew up in Britain. Another great movement of nations took place in northern Europe among the Scandinavian peoples or “Northmen.” These formed the kingdoms of Sweden, Norway; and Denmark; and many Danes and Northmen, as all know, settled, some in Gaul, where Rolf gained the Duchy of Normandy, and some too in England, where they were joined again in 1066 by William the Norman, a descendant from the common Scandinavian stock that started from the north many years before. This brings us now to the beginning of our own English history.

The time of the great incursions was now over; and it was well that they should have ceased. Fortunately the last migration, that of the Northmen, had a very beneficial effect upon industry, though perhaps indirectly. It caused a great step forward in the new Western civilisation, in the development of cities and townships. Many of the old ruined Roman towns found themselves once more centres of the political and social life of the surrounding territories as peace returned to the land. They became seats of

government both temporal and spiritual, or strongholds for industrious workers who were afraid of war.

**32. Decay and Insecurity of Commerce.**—But meanwhile these immigrations had caused the almost entire decay of agriculture and industry. During the four or five centuries in which they took place the finest regions of Europe became unfruitful and desolate. It was impossible in such troubled times to improve the fertility of the soil by renewed applications of capital and skill. And of course the condition of internal trade was hardly superior to that of agriculture, and for the same reasons. For some centuries there is no trace of any important manufactures, except of course those domestic arts of weaving and spinning which are absolutely necessary for providing clothes, and which can be practised by separate individuals in every village or household. Rich men, indeed, used to keep artisans in their households as servants; but this only shows that there were no recognised seats of manufacture from which they could easily procure what they wanted. Even kings, in the ninth century, had their clothes made by the women upon their farms. No doubt the villages had their smiths and weavers, but these occupations belonged to a few isolated individuals, and had not yet developed to any considerable branch of industry. Trade between various localities was very limited, for the general insecurity of the times made mercantile traffic highly dangerous. The want of communication prevented men from easily moving about to supply one another's wants, and at the same time made it difficult for them to find out what those wants were. Robbery by violence was frequent, and robbery by extortionate tolls still more so. The ordinary knight of those times was nothing more or less than a bandit, perhaps not always so openly criminal as a highwayman, but very often employing the same methods. They made merchants pay extravagant tolls at every bridge and market and along every highway in their domains. Frequent complaints of these exactions are found in Charlemagne's capitularies or enactments, and the most open robbery was practised by the German barons.



**33. Insignificant Trade with the East.**—This state of things naturally ruined industry and prevented the developments of manufactures or of the products of the soil. Hence Europe in general had practically nothing to offer in exchange for the products of Asia, the only other continent then open to commerce. This is the reason why for so many centuries we find hardly any foreign trade. Almost the only imports were fine Eastern cloths and spices for the nobility. But how were these paid for? In return Europe gave the East gold and silver—the remnants, apparently, of the money in circulation under the Roman empire, but the supply of which thus greatly diminished before the eleventh century. Armour and furs were also exported. A great feature in European exports was, however, the slave trade; for often only by the sale of slaves were the upper classes, as they are called, enabled to pay for the Eastern luxuries they desired. Karloman, the brother of Charlemagne, made a law to try and stop this sale of European slaves to the Saracens, but it was ineffectual. This, and indeed all other trade, was carried on *via* Constantinople by the only two trading centres of importance in those ages, Venice and Amalfi.

From the era of Charlemagne, however, we may begin to trace the growth of a fair amount of industry and commerce, which, together with the rise of towns and the appearance of a distinct manufacturing class, contributed largely to the wealth of Europe, and laid the foundations of what afterwards became a considerable internal and foreign trade.

**NOTE.**—*Roman Law.* The great barbarian invasions, although, so to say, they stopped the machine of commerce, did not destroy it or even greatly damage it. Roman roads, and Roman cities, and Roman law, remained ready for a revival of trade. The Theodosian Code (drawn up for the Emperor Theodosius II. in 438 A.D.) afforded a convenient collection of statutes and legal principles, and most of this was adopted by the Visigoths, Franks, Burgundians, and Lombards, at least for their subjects though not always for themselves. The influence of the Church also, and of the ecclesiastical (or canon) law was very potent in maintaining a memory of orderly government. Hence, after the pacification of



Western Europe under Karl the Great (Charlemagne), commerce was not so much embarrassed as it might have been by the mere absence of legal protections. As a matter of fact, the law of nearly all Europe, except England, is to this day directly derived from the Theodosian code.

## CHAPTER II

### THE REVIVAL OF TRADE AND INDUSTRY IN THE MIDDLE AGES

**34. The Services of Charlemagne to Industry and Trade.**—It is a significant fact that till the reign of Charlemagne (771-814) there were no towns in Germany. But this great emperor, although his genius was essentially of a military type, had no sooner thoroughly subjugated his rivals than he set himself the task of consolidating and civilising his vast empire, which extended from the Ebro to the Elbe. He promoted throughout his realm education and the arts, as well as agriculture, manufactures, and commerce, establishing at the same time a semi-military system which gave the necessary peace and security for these objects. He projected great national works, the most important being a great canal between the Rhine and the Danube. He improved agriculture by making his subjects plant various kinds of fruit trees, such as apples, pears, plums, and chestnuts ; and by this means he greatly extended the cultivation of fruit farther northward than it had hitherto been grown in Europe. His directions upon this head are set down in his capitulary *De villis*, in which he goes into the most minute details of farm life, such as the care of bees and poultry, the dairy, and the making of wine ; and orders what is of the utmost importance in all profitable agriculture—the accurate keeping of accounts, and a general taking of stock at the beginning of every new year. He took care to encourage foreign trade also by cultivating friendly relations with distant princes, as for instance in the

case of Haroun al Raschid mentioned above. It is interesting in this connection, too, to find that the earliest treaty of commerce in our English commercial history was made between Charlemagne and Offa, king of Mercia, by which document Charlemagne grants his protection to English traders coming from that district. The date of this important record is 796 A.D. "We also will," says Charlemagne in this treaty, "that merchants shall have lawful protection in our kingdom according to our command; and if they be in any place unjustly aggrieved, let them apply to us or our judges, and we shall take care that ample justice be done them."

**35. The Growth of the Feudal System.**—We thus see that Charlemagne rendered important services to commerce and industry; and though, owing to the weakness of his successors, his empire was, for some time after his death in 814, thrown into confusion and finally split up, his influence upon succeeding ages was very marked. For he gave a kind of settled order to the west of Europe which subsequent conflicts never quite succeeded in annihilating, and his empire was established firmly upon what was afterwards to develop into the feudal system which had such important social, political, and industrial effects.

The word *feudum*, from which "feudalism" is derived, is not found in written documents till the time of Charles the Fat (884-887); but the appearance of the name proclaims that the system thus denoted had by this time long become an accomplished fact. Feudalism was an organisation of society that had grown up out of the confusion and disorder caused by the great conflict of Romans and Teutons in western Europe. Its essential and prominent feature was the division of society into lords and their dependants, the lord giving land to his vassal in return for personal services. This fact of personal services must specially be noted. These services might be military or agricultural. It was only very gradually that they became commuted into money payments. The system was a combination of the old Roman method of granting land (by the State and not by a lord) to men in return for military service, and

of the Teutonic custom of men following a chief as their personal lord, and standing in close personal relation to him. Feudalism kept up the personal relation and enforced personal services.

The general effect of this system was to raise up the great lords who gained lands in this way, but to thrust down and depress the poorer class of followers who had no land strictly their own. These latter thus became the villeins or serfs of the former, and, what is more, were bound to the land. The class of actual slaves soon died out, as it did for instance in England shortly after the Norman Conquest, but that of villeins was always increasing. These villeins lost all the old Teutonic privileges of meeting in a National Assembly, and were the abject serfs of their lords. The lords on the other hand often became, from the mere governor of a province appointed by the king, hereditary princes or dukes whose allegiance was often very shadowy and sometimes even entirely cast off.

**36. Its Effect. Growth of Towns.**—Now this settlement of society thus produced by feudalism had, amongst others, one very important result, namely the growth of towns. For in spite of much petty warfare in which these feudal chiefs indulged, there was yet a kind of permanence and fixity in social life which had hardly hitherto existed. Moreover, in return for the agricultural or military services of his dependants, the feudal lord used to give them some sort of protection, and felt himself more or less responsible for their welfare. He often did not do his duty, but still on the whole his protection, so far as it went, was a reality. So, gradually, houses grew up round the castles and upon the demesnes<sup>1</sup> of these feudal lords, and these early collections of houses afterwards developed into a town and were fortified by a wall, and even became able to protect themselves. In the old Roman days the towns had been the centres of life and industry. During the barbarian invasions they were ruined and mostly decayed, for the Teutonic nations were not accustomed to town life. In England, for

<sup>1</sup> *I.e.* the private land reserved for the lord of a manor, and (generally) not let out to tenants.

instance, nearly all the great Roman towns decayed, till, after some centuries, new English towns grew up or the Roman ones were again inhabited. So, too, on the Continent. But as civilisation slowly grew up again and the feudal settlement gave some sort of permanence to society, the old Roman towns recovered some of their greatness, and new towns were founded. Charlemagne founded several, among them Hamburg, which was afterwards to become one of the capitals of that powerful Hansa, or confederacy of towns, that for two or three centuries was supreme in Northern Europe. The Saxon emperors in Germany were also great founders of towns, especially Henry the First (918-936), who secured the borders of his realm by strong "burgs" or fortified castles, round which afterwards grew up many of those great German cities which have been so famous in the annals of art and industry.

But just as the feudal lords of a province often became independent of their sovereign, so too the free imperial towns, *i.e.* those towns subject to no lord but the emperor, became independent commonwealths, only acknowledging the emperor's outward supremacy. Sometimes, as we shall see, they joined into leagues for mutual defence, and were able to defy and dictate to emperors and dukes alike. The towns of Germany and Flanders were very powerful, but nowhere in Europe did the towns reach such a height of prosperity, power, and independence, as in Italy (§ 43, etc.), where from the eleventh century onward the Northern portion became a vast assemblage of city commonwealths.

**37. The Merchant and Craft Gilds.**—The protection afforded by the towns, and the great stimulus given by the meeting together of men in larger bodies than before, had a powerful influence upon industry and commerce. And now we come to a most important factor in industrial history, a factor which was partly a result and partly a cause of the growth of town life. We find that system of gilds of merchants and artisans which forms so striking a feature in mediæval society.

The mediæval gild was very much the same kind of thing which we now call a club, the very earliest gilds

being formed originally for more or less religious purposes. There were four kinds of them in England, and for that matter in other countries also: namely, *religious* gilds; *frith* gilds, formed for mutual protection of the members in legal affairs or in cases of violence and fraud; *merchant* gilds, which generally had the monopoly of the trade in some commodity in and out of a particular town; and, lastly, *craft* gilds or associations of artisans or handicraftsmen in any particular industry. Only the merchant and craft gilds need concern us here. The merchants of a town used to combine together in these associations for mutual safety in their trade, and formed a combination of capitalists engaged in traffic with home-made and foreign wares, who helped each other in all business matters and relieved members if any fell into distress. These merchant gilds were of a more comprehensive character than those of the artisans and comprised the most wealthy and powerful of the merchant class, gradually winning great political power. They were often practically identical with the municipal institutions of the town, and as such used to advance money in order to buy up the *firma burgi* or fixed tax due to the king, and thus to become their own assessors of taxation and to achieve practical independence from royal interference. Indeed much of the growth and the freedom of town life in the Middle Ages was due to the spirited action of the gilds.

The craft gilds also were not less active. They tried to secure good handiwork on the part of their members, and to suppress the production of goods by irresponsible people who were not members of the craft or "mystery." They took care to train young men as *apprentices*, so as to always have a continuation of good workmen; and looked after their members, as all gilds did, by providing a common fund in cases of sickness and death in order to relieve the distress of a gildsman or his relatives. Both forms of gilds had a very good effect upon industry in its earlier stages, for though they discouraged competition, and were rather inclined towards monopoly, they nevertheless encouraged good workmanship and developed industry by forming industrial centres in every place of any importance.



**38. The Gilds and the Towns.**—Their effect upon the growth of the towns is seen very clearly in Germany. We mentioned that Henry I. of Germany (918-936) founded a great many towns, and he is often regarded likewise as being the founder of that burgher class which afterwards became so important in politics and commerce, furnishing the much-needed balance to the almost overwhelming power of the feudal nobility. These towns were divided from the first into imperial towns (*Reichsstädte*) which stood immediately under the supremacy of the German emperor, and *Landstädte* or towns which owed allegiance to the lord of the territory within which they lay, whether that lord were duke, baron, or bishop. In towns of both classes there was generally a governor or magistrate, the *Burggraf*, *Schultheiss*, or burgomaster, who possessed civil and military authority as being the representative of the king or territorial lord. At first the class of burghers in these towns consisted only of vassals and followers of the king or noble who owned the town, together with independent landed proprietors of noble birth, sometimes called "patricians," and some of the most wealthy of the merchant class. The greater portion of the population who were engaged in industry had no share in the government, and often had little more personal freedom than the villeins on a feudal lord's estate. But gradually two great changes were made. The municipal authorities (often, as we said, identical with the merchant gilds) gradually obtained by purchase or gifts the power and authority of the governor appointed by the territorial lord or the king, and then appointed their own burgomaster, and chose also a town council (*Rath*) to help him. But still the government of the town was entirely in the hands of the wealthy merchants and the "patrician" families. Here, then, was the opportunity of the craft gilds, and by degrees they availed themselves of it. They succeeded in winning for their members complete personal freedom<sup>1</sup> and the full

<sup>1</sup> In England any villein who became a member of a town gild, and remained such for a year and a day without being reclaimed by his lord, became *ipso facto* a free man.

rights of citizens, especially in elections and in eligibility to town offices, often driving out the aristocratic element altogether and constituting a regular democratic body, though generally producing a mixed form of government. These guilds also had considerable military power, for the common citizens all received training for military service under the banner of their special guild, and under the command of their own guild-master, and were by no means slow to use this power in defence of their civic rights. And it is to the great growth of the sturdy burgher class that the German towns in the Middle Ages owed so much of their power, and were enabled to develop into considerable industrial and commercial centres.

**39. Confederations of Towns. North and South Europe.**—Many of them were practically small republics, as were several of the Hansa towns, and they used to ally themselves together in confederacies whose power was fully equal to that of the territorial lords around them. They used this power very largely in gaining security for their commerce; and it is for this reason that the growth of guilds, of towns, and of great town confederacies is of such importance to the student of commercial history. Besides the powerful Hansa, we shall have occasion to speak of the confederated cities on the Rhine and in south Germany, which, like the splendid city republics of mediæval Italy, possess for us considerable significance. We shall therefore now proceed to speak of the Italian and German commercial towns more at length. Before doing so, however, it may be remarked that the commerce of Europe, in the mediæval times at which we have now arrived, was divided as it were into two great dominions—that of the Mediterranean ports and cities in the south, and that of the Hansa confederation in the north. The connecting link between these two great dominions was afforded by the natural waterway of the Rhine and by the cities which grew up and flourished on its banks. We shall notice these two great commercial divisions now in detail, taking the southern one first. But we may, before concluding this chapter, refer shortly to the economic



effects of feudalism and its influence upon mediæval commerce generally.

**40. Effects of Feudalism upon Trade.**—We have said before that the feudal system encouraged the growth of towns, and thereby the increase of industry and commerce, by the fixity it gave to society after a very troubled period. But at the same time it was not an unmixed good. It involved to some extent the isolation of the dominions of the different lords, and divided up the country into small territories, each with its own restrictions upon trade, and with its own special imposts and taxes on behalf of the lord. The lords, too, constantly levied fines and tallages upon their dependants; especially if these wanted to leave their land to become traders or artisans in some town; or they would call them away from industrial occupations to go out fighting. Agriculture was similarly hampered by multitudinous restrictions. The comparative isolation and division of territories, villages, and towns which feudalism involved was also detrimental to an extensive and unrestricted commerce, so that, though at first useful as a social settlement, the system ultimately was felt as cramping the development of trade or an extended industry.

## CHAPTER III

### THE ITALIAN CITIES

**41. The City Republics.**—Just as we shall see that the Hansa towns owed their prosperity to the commerce of the North, so the Italian cities owed theirs to the commerce of the East. It was this that gave them the means and the strength to attain their independence, and without a knowledge of the commercial factor in their growth it is impossible to appreciate their history. Their struggle for freedom begins soon after Otto the Great had united the kingdom of Italy and the Roman Empire to his own kingdom of Germany, in 963 A.D.<sup>1</sup>; and not much more than a century afterwards their power was fully established. From the eleventh century onwards, indeed, the towns in Italy became all-important, and occupied much the same position as did the old city commonwealths of Thebes, Athens, and Corinth in ancient Greece. Nearly the whole of northern Italy was practically divided into the dominions of various cities, such as Genoa, Florence, and Venice, which formed a group of republics independent of any power except that of the Emperor. In course of time, it is true, these city republics fell under the dominion of other lords and princes, but at the time of which we are speaking, from the eleventh to the thirteenth and in some cases to the fifteenth century, their power was very great, and their commercial prosperity at its highest pitch. Most of them had shaken off the power of the nobles, just as we saw in the last chapter that many of the German towns had done. Unfortunately they afterwards fought against

<sup>1</sup> Cf. Freeman's *Europe* (Primer), p. 67.

each other, and thus got into the power of one great lord or noble family again.

**42. Amalfi and Pisa.**—One of the earliest cities in Italy to reach commercial importance was Amalfi (§ 33), situated on the Gulf of Salerno, which shook off the power of its dukes and became a republic. It had factories in south Italy and Palermo; its ships went to Egypt, Syria, and Greece; and it reached its zenith in the eleventh century. Its influence is mainly seen from the fact that the laws of commercial navigation observed in the Mediterranean Sea proceeded from its renowned legal schools. They were called the *tabula amalfitana*, and date from about 1010 A.D. But this port, the equal of Venice in the troubled era of the barbarian invasions, gradually found the competition of its ancient rival and the newer cities of Genoa and Pisa too much for it, and by about 1200 A.D. had greatly decayed, its commerce being confined to the coasting trade up and down the western side of Italy.

Pisa, one of the successful rivals of Amalfi, may next be mentioned. It owed its growth to a settlement of Sardinians who, fleeing from the Saracen invasion (§ 29) in the eighth century, enriched their new home on the river Arno. This town took a prominent part in the Crusades, and thereby amassed some wealth, extending its trade considerably in the East and also to Spain and Africa. But in course of time it also succumbed to the competition of a rival, Genoa, though not till after several severe maritime wars, being defeated in a sea-fight in 1284; and finally found itself merely the port for the trade of Florence and Lucca. Lucca was for some time an important centre of the Italian silk manufacture (§ 82), but when this too decayed, Pisa suffered severely; and, after Florence had acquired the harbour of Livorno, its prosperity quite disappeared, and in 1406 it was subdued by that city.

**43. Florence and the Medici.**—The history of Florence is a remarkable instance of the power of commerce in politics. The wealth of the state lay not in commercial navigation,—for till it acquired Livorno it depended upon Pisa as its port,—but in manufactures. Its weavers and

goldsmiths were famed all over Europe, the former being at the head of the silk and woollen manufactures. At the beginning of the twelfth century it was under the dominion of the Countess Matilda, and when all the cities of Tuscany were divided in the great struggle between Pope and Emperor, Florence was on the side of the pope, and at the head of the Guelphic League organised by Pope Innocent III. (1198-1216). It always remained more or less upon the side of the Guelphs, although frequently distracted by internal factions. But in spite of these dissensions the power of the city grew immensely, and as early as 1254 it subdued under its sway the neighbouring towns of Volterra, Pistoia, Siena, and Arezzo, till at length it stood head not only of all Tuscany but of all Italy. The power of the state was wielded alternately by various noble families, though, generally speaking, the tone of its government was democratic, as was likely to be the case when so many craftsmen and gildsmen had a voice in politics. The height of its power was reached under the guidance of the Medici, beginning from the year 1434 A.D. This famous house was founded by a merchant, Giovanni de Medici, who made a great fortune and became also a banker. It was, however, his son Cosmo, who was likewise a banker, who first came to the front in Florentine politics; and although he held no distinctly recognised position as governor of the state, he nevertheless continued to guide all political movements by his overpowering influence in the *Balia*, or committee of citizens to whom the government was entrusted. Even more famous was his grandson, Lorenzo (1448-1492), who fulfilled the hopes of Cosmo by becoming head of the state. He used his vast power on the whole wisely and well, and especially devoted himself to literature and art, gaining by his generosity and munificence in this respect the title of Lorenzo the Magnificent. He collected many hundreds of rare manuscripts from Italy and the East, established an academy for students in his own gardens and filled it with glorious statues, and gathered round him a numerous and famous body of artists and authors. One of his sons became pope

under the title of Leo X. (1513), and another member of the House of Medici became Pope Clement VII. in 1523. It was this latter pope who used the influence of his office to form a league with the Emperor Charles V. of Germany by which the freedom of Florence as a republican city was finally destroyed, and the sovereign power was invested in Alexander de Medici. Although the citizens resisted this attempt, their city was besieged and taken in 1530, and the republic finally perished. Florence became the capital of the duchy of Tuscany and Pope Pius V. (1566) gave Cosmo de Medici the title of Grand Duke. Thus the Medici became the rulers of the once great and independent republic.

**44. Florentine Manufactures, Gilds, and Banking.**—As we mentioned before, Florence won its high position by its commercial wealth. Although it gained considerable strength, however, it could never succeed in competing with Venice and Genoa on the sea, but it distanced all competitors in its own sphere of manufactures and banking. Its manufactures led to the formation of *arti* or craft-gilds, which were of great importance in the political life of the town, and included all its citizens ; and so strong were they that even the neighbouring nobles who wished to become citizens were compelled first to enrol themselves, as members of some trade, in a gild. Thus the great poet Dante, a man of noble birth, was enrolled in the gild of the apothecaries.<sup>1</sup> Of its manufactures and crafts, those connected with woollen and silk fabrics were very important, as also were those of the goldsmiths and jewellers. Florentine fine wool, silk cloths, and golden brocades were exported all over Europe. But perhaps the greatest wealth of the city was gained by its banking operations, for the Florentine bankers practically controlled at one time the financial world of the Middle Ages. Nearly every great loan was effected through their agency. It was from the bankers of Florence that our own king Edward III. borrowed more than half a million of money wherewith to prosecute his expensive and lengthy wars against France. Their large transactions may be seen from the fact that Edward III. owed the Bardi, when they

<sup>1</sup> Compare the City Companies of London at present.

failed, 900,000 florins of gold (the florin being  $\frac{1}{8}$  of an ounce of gold) ; he also owed 600,000 florins to the Peruzzi. At the same time the king of Sicily owed the Bardi 100,000 and the Peruzzi 450,000 florins. The firm of Bardi alone also owed 550,000 florins to citizens and foreigners, and the repudiation of debts by the two kings mentioned caused the failure of the Bardi, Peruzzi, and several smaller banking firms, who could not meet their liabilities owing to these royal debtors refusing to pay (1345 A.D.) It was from a wealthy banker that the House of Medici took its rise. Nor must it be forgotten that with their commercial spirit the citizens of Florence combined a remarkable taste for art and literature, and this community of bankers and manufacturers has given the world some of its most famous men. The names of Dante and Boccaccio in literature ; of Cimabue, Lippi, and Andrea del Sarto in painting ; of Cellini in sculpture—are only a few out of the long list of Florentine men of genius ; while the great politician Machiavelli, the historian Ludovico Guicciardini (1523-89), and Amerigo Vespucci, one of the discoverers of the New World, all came from that great commercial city.

**45. Origin of Venice ; its Early Commerce.**—The origin of Venice dates far back to the time of the invasion of the Huns (§ 27) about the middle of the fifth century A.D.), when a few frightened inhabitants of Aquileia, Padua, and other towns upon the Adriatic coast, fleeing from the devastations of Attila, sought a home upon some barren islands at the head of that Gulf. These islands were sandy, bare, and barren, surrounded by desolate and shallow lagoons, and offering only a few scanty patches of cultivable soil. Yet on this unpromising site grew up one of the greatest and wealthiest cities of the mediæval world, which for centuries held the empire of the Mediterranean Sea. The wealth of Venice was originally due to two articles of commerce, the only products which that barren refuge could give it, namely, salt and fish. But in the Middle Ages these products were proportionately far more valuable than at present, because for religious reasons they were in constant demand. At a time when all Christen-



dom ate fish regularly on fast-days and in Lent, this food was naturally more in request than now. Salt also was necessarily used in very large quantities for preserving both fish and meat for the winter months; for agriculture was for a long time in so backward a state that winter roots for cattle were unknown in many countries, and hence it was impossible to keep cattle and get fresh meat throughout the winter. Many countries, also, that possessed a plentiful natural supply of subterranean salt—notably England—were either unaware of its existence or did not know how to mine it, and hence sea salt was in great demand. So from these two products the Venetians were able to build up a considerable trade with the mainland of Italy, though at first they had hard work to earn a bare subsistence. But they had peace and security in their island homes, while many of the mainland cities were subject to the tyranny and rapacity of the barbarian invaders and their chiefs, and thus fresh arrivals constantly came to this place of refuge.

**46. Extension of Venetian Trade.**—By 697 Venice had grown into quite a little state, and in that year gave itself a republican constitution with a president known as “the Doge.”<sup>1</sup> Its trade increased. Salt and fish were exchanged with other cities for corn, oil, wine, timber, and metals, and with these the enterprising Venetian seamen began an extensive coasting trade. Their ships went up and down the eastern coast of Italy, and up the river Po and other streams in that river-basin; and, taking courage for farther voyages, sailed across to the Dalmatian coast of Greece. A great impetus to their trade was given by the Doge Orseolo II., by his wise policy of acquiring by purchase one or two small harbours on the mainland (991). He also gained the privilege of farming the taxes of some neighbouring princes, and obtained from the German Emperor Otto III. the reduction, and in some cases the total abolition, of the dues which Venetians had to pay in various parts of the empire. What was more important still, this doge cultivated amicable relations with Egypt

<sup>1</sup> From *dux*, a leader.



and Syria by sending ambassadors with presents to the rulers of those countries, whither indeed Venetian ships had already penetrated. Thus the Venetians added the trade in eastern products to that with the Italian cities, and soon their city became the emporium of southern Europe. Indeed the enormous share which Venice had in the trade with the East was the most important element in her commercial prosperity. But they did not neglect their ancient salt trade; on the contrary they gained an almost complete monopoly of it, not only in sea-salt but in mined salt as well. The latter they got from the mines of Germany, Hungary, and Croatia, and in the last two countries they obtained the exclusive right of selling it. They also got salt from Sicily, the north coast of Africa, and the lands round the Black Sea.

**47. The Venetian Fleets.**—All this commerce necessitated a great deal of shipping; and to protect her merchants against the pirates which infested the Levant and the Mediterranean, Venice found it necessary to have a powerful fleet of men-of-war as well. In the fourteenth century she had a commercial fleet of 3000 merchant vessels, of from 10 to 100 tons burden; and in addition 40 warships carrying 11,000 men. Her ships generally went out in squadrons with some men-of-war as a convoy, and every year a number of these squadrons set out regularly for prescribed ports, following a strictly arranged route and sailing at definite periods. The most notable of these trading fleets were:—the Flanders fleet, which traded with the ports of Spain, Portugal, west of France, England, and finally Flanders; the Armenian fleet, which sailed to Aros in the Gulf of Alexandretta; the Black Sea fleet, which visited Tana, Azof, the Crimea, and the Pontic coast generally; and the Egyptian fleet, which went to Alexandria and Cairo, meeting the caravans from the far East. A considerable overland trade was also done with Germany *via* Vienna, Augsburg, and the Rhine (§ 69).

**48. The Crusades, and Venetian Dominions.**—The wealth of Venice, great as it was becoming, was now greatly helped by the Crusades. She gained enormous

sums of money by providing transport ships in which European leaders might take their troops to Palestine. And not only did her traders gain money by this means, but they gained in many cases extensive trading privileges, and freedom from dues in the countries of the princes whom they thus helped. The Crusades, too, were used by Venice for her political advantage. The Greek emperors, at the end of the twelfth century, having become hostile, and refusing to afford facilities for their trade with the Black Sea, the Venetians persuaded the leaders of the Fourth Crusade to attack Constantinople, which was captured in 1204. This placed the trade and sovereignty of the Levant and Ægean exclusively in the hands of Venice, and her dominions extended over the Morea, Epirus, Acarnania, the Ionian Islands, Crete, Cyprus, and many of the islands of the Grecian Archipelago, while at the same time she had a complete monopoly of the trade with the south of Russia and with the Black Sea, to which came valuable caravans from the interior of Asia (§ 73). At the same time the products of Russia itself, coming down the great rivers like the Don and the Volga, were monopolised by Venetians, and it was they who founded Tana at the mouth of the Don, which soon became a most useful emporium.

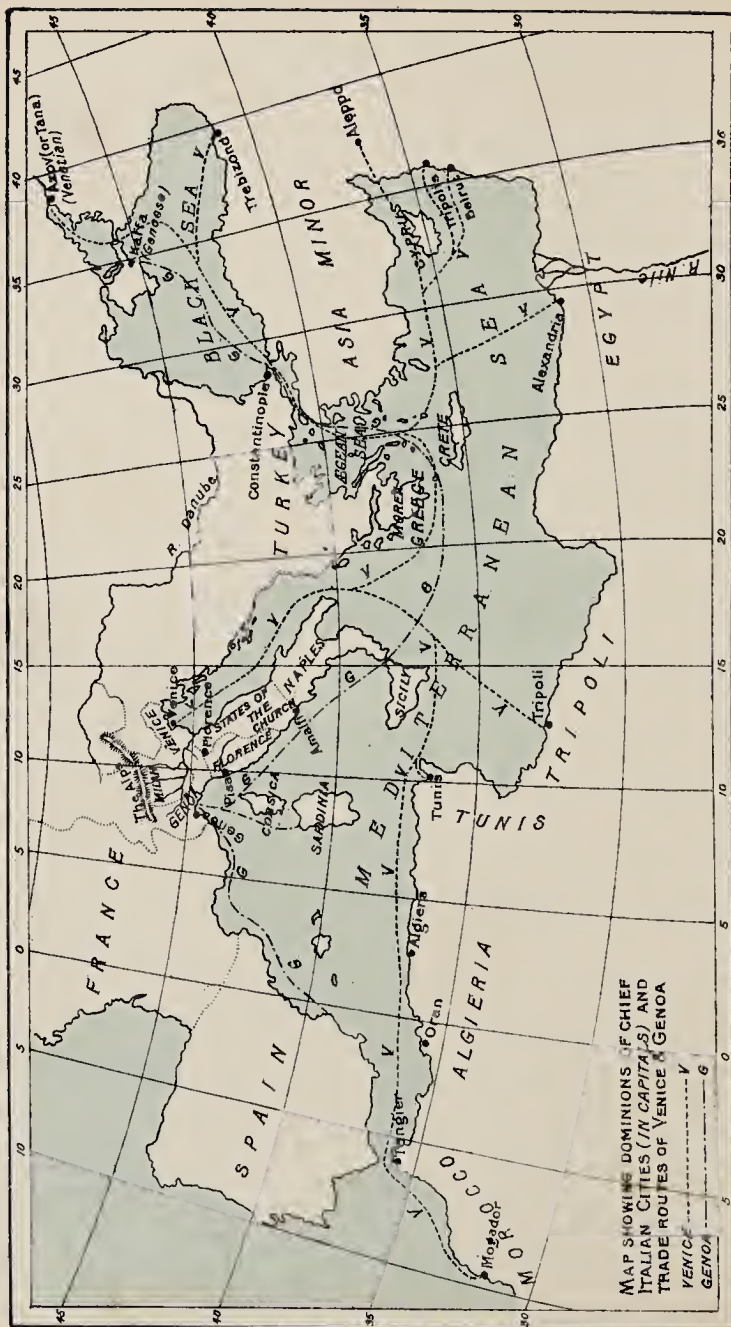
**49. Venetian Trade with the East.**—Venice, however, was not left undisturbed in her monopoly of the Black Sea trade. Her rivals Genoa and Pisa helped to restore the Grecian empire in 1261, and with the friendly aid of the Emperor began to compete with Venice. Genoa founded a colony at Kaffa quite near and in opposition to Tana. The Venetians, however, did plenty of trade in that region till, in 1410, the Mongolians captured and plundered Tana, and Venetian traders withdrew from the Black Sea, contenting themselves with obtaining the products of Asiatic trade from Aleppo, to which caravans came through Syria. In Aleppo they had a depot, and gained many commercial privileges. It formed a useful centre for the trade in the fine cloth manufactures of Asia Minor and in goats' hair from Angora and Paphlagonia. Alexandria,

again, was another great centre for Venetian traders, and by gaining the friendship of the Mameluke Sultans of Egypt they were allowed many privileges there also. Here they obtained the products of India and Arabia: spices, silks, cotton, fruits, and ivory, which they paid for in gold and silver, metals,—such as iron, copper, and lead,—oil and timber. Then along the north coast of Africa they established depots in Tunis, Tripoli, Algiers, Mogador, and Tangier, to which caravans from the interior brought ivory, gold-dust, slaves, grain, dates, and wool.

**50. Venetian Manufactures.**—Besides the European products which Venice exchanged for all these various articles of commerce from Africa and Asia, she was able to provide her customers with many manufactures of her own, which she exported to all parts of Europe and Asia. Venice had a considerable manufacture of silk, which was augmented for a time after the conquest of Constantinople, when she gained dominion in Greece—for Greece and its islands produced a good deal of silk which the Venetian artisans worked up. Another important manufacture was that of glass, the material for which was found in the sand of their own islands, and which is to this day justly celebrated for its delicacy and beauty. Manufactures of woollen and cotton cloths,—for which they imported the raw material from Europe, Africa, and Asia,—of dyed stuffs, paper, soap, and fine leather were also carried on. There were likewise brass and iron foundries, and the armourers of Venice were celebrated all over Europe for the excellence and beauty of their weapons.

**51. Venetian Prosperity.**—Thus Venice became wealthy and consequently powerful. At the beginning of the fifteenth century it was reckoned that there were at least a thousand nobles in the city whose incomes ranged from 4000 to 70,000 ducats each, and that at a time when 3000 ducats would buy a palace. The population was over 200,000, it is said, though, as most mediæval populations were exaggerated, this statement must be received with caution. A great feature of the wealth of the city, just as was the case with Florence, was its bankers. The





Bank of Venice was probably one of the first public banks established (1171), and its credit was guaranteed by the state. The great Rialto, or Exchange, where its merchants met, was famous throughout the world. Ships of every nation thronged its quays, and strangers of every country crowded its streets. So great were the numbers of the latter that hotels were raised for their accommodation, and it is said that the first hotels were set up in Venice, the "Moon" being built in 1319 and the "White Lion" in 1324. The influence of the merchant city extended far and wide. Venetian territory embraced all the northern shore of the Adriatic, including Istria and Dalmatia, and inland through Lombardy as far as the river Adda; and, as mentioned above, the Fourth Crusade gave her considerable possessions in Greece and the Ægean Sea.

52. **Decline of Venice.**—But gradually her power declined. The competition of Genoa became very severe; wars took place; and in 1379 Venice was nearly conquered. In the fifteenth century the nobles gained the upper hand in the state, and it gradually declined. In the sixteenth century the League of Cambray was formed against the Venetians by the pope, the emperor of Germany, and the kings of France and Spain (1508), and she received from these allies a defeat at Aignadel in 1509 from which she never really recovered. The Turks took from her Crete and Cyprus. But another cause, greater even than all these, contributed to her decay at the close of the fifteenth century, and that was the discovery of the new sea route to India *via* the Cape (§ 93), which, together with the conquest of Egypt by Selim I. in 1517, drove the stream of eastern commerce, upon which Venice depended so largely, into entirely new channels. Yet, though her pristine greatness was gone, Venice continued for centuries to play an important part in European politics and wars, more especially in fighting against the Turks in their attempts to press westward into Europe.

53. **Genoa and its Trade.**—It remains for us now to glance briefly at the great rival of Venice, the republic of Genoa, which is so intimately bound up with Venetian



history. Even in Roman times this town, situated at the foot of bare mountains and possessing no natural resources except a safe and spacious harbour, had been a place of export for timber, earthenware, honey, and wool from the interior. It grew in maritime strength chiefly in the times of the Saracen invasions (eighth century), and in the era of the Crusades was already celebrated as a trading centre. Like many other seaports it profited by these expeditions; for, in return for help rendered by the Genoese, the republic was granted various privileges of trade in the conquered parts of Syria, and thus obtained an important share of eastern commerce. Genoa drove a flourishing trade between Sicily, the north of Africa, the south coast of France, even Flanders and Germany, and with the coasts of Asia Minor and Greece. It came into collision with Venice, however, when its merchants attempted to get a share of the Greek and Black Sea trade, but finally, after the fall of the Latin Empire (1261), it gained the supremacy over its rival and almost monopolised the Euxine. A factory, Kaffa, was founded, which speedily became a flourishing emporium for eastern goods. As Genoa itself possessed few industries of its own, except the manufacture of leather and of some woollen goods, its commerce chiefly consisted in exchanging eastern for western products; taking, in exchange for eastern goods, cloths and paper from France, and linen, leather, and steel from Germany to the East. During all this time, however, conflicts with Venice were constantly occurring, till, after a regularly declared war, lasting four years, peace was made in 1381, by which Genoa practically had to concede to Venice the supremacy both in the Mediterranean and Black Seas. Unfortunately Genoa was constantly torn by internal dissensions, and in 1396, to gain peace, attached itself to France, though only to be tossed about in succeeding years by the rival influences of France, Milan, and Austria. Its trade in the Black Sea, which had long been declining, was completely annihilated by the conquest of Kaffa by the Turks in 1475, and after that time, in common with all Italian cities, it began to feel the effects of the conquest of Egypt by Selim I., and



of the new sea route to India and the East. Genoa became subject to Milan; and although it again became prosperous, it never regained the important maritime position it once occupied.

**54. Milan and its Manufactures.**—One more great Italian city now demands our attention, famous not as a maritime but as a manufacturing power. Milan, situated in the rich and fertile plain of the Po and upon a tributary of that river, possessed an admirable position as an agricultural and industrial centre. It had been an important town even in classical times, and during the later Roman Empire. At the era of the barbarian invasions it formed the rallying point of opposition to these foreign arrivals, and became the seat of an archbishop. This dignitary, or rather the various dignitaries who held this high office, during the confusions which arose after Charlemagne's death among his successors, succeeded in gaining the real sovereignty of the city. The Hunnish invasion of 899 compelled the Milanese to fortify their city, and thus it became independent of the feudal lords around it. And now its history begins to afford us an excellent example of the growth of the power of commerce and towns as opposed to feudalism. The tyranny of the various feudal lords in northern Italy drove many of their dependants to seek refuge in this now independent city. Milan became more and more populous, and its citizens learned to govern themselves in a republic. After the battle of Legnano in 1174 it became very prosperous, and after the peace of Constance in 1183<sup>1</sup> the Milanese had to extend their city walls, so great were their numbers. Manufactures flourished vigorously, each in their special quarter of the town under the control of a syndic. The chief of these manufactures was that of armour, which was renowned all over Europe; but others were also carried on. For, during the struggles of Milan against the famous Barbarossa or Friedrich Red-beard (1152-1190), when Milan was trying to bring Como, Lodi, and other cities

<sup>1</sup> Peace made between the Emperor Frederick Barbarossa on the one side and Pope Alexander and the Italian cities of the Lombard League on the other.

under its power, many Milanese vowed themselves and their goods to the Virgin if they should come safe out of this great conflict; and so was founded the fraternity of the "Umiliati," a kind of gild which afterwards developed the wool trade, and then the production and manufacture of silk. The city undertook important irrigation works, and agriculture round it was improved. Thus its burghers grew rich and powerful with their manufacturing and agricultural wealth, and steadily resisted the encroachments and enactments of the feudal nobility.

**55. The Visconti and Sforza in Milan.**—But in Milan, as in all Italian cities, internal dissensions sprang up; various great families gradually got power into their hands; and the Milanese found themselves, in the fourteenth century, under the influence of the Visconti family. Then in 1395, Gian Galeazzo Visconti, who was "lord" of Milan, and held Pavia and other cities of Lombardy as well, bought a charter from King Wenceslaus, who was nominally the Emperor at that time, making him Duke of Milan. Through the wealth and industry of their city, the dukes of Milan became very rich and powerful, more so indeed than many princes with far wider dominions, till the last of the Visconti died in 1447. Then, after a short attempt at a republic, the Sforza family, or at least a great military leader, Francesco Sforza, gained the sovereignty, and this family held the duchy from 1450 to 1535. After that, Milan became a Spanish possession till the war of the Spanish Succession, when (1714) it was handed over to Austria. Owing to its own manufactures it was less affected than other cities by the conquest of Egypt and the new route for eastern trade at the beginning of the sixteenth century.

**56. The Italian Cities generally.**—We have now glanced briefly at the chief of the great Italian commercial cities in the Middle Ages.<sup>1</sup> We must notice how their

<sup>1</sup> It should be added that we owe to the Italian cities the progress of mercantile science in nearly every department—in banking, currency, marine insurance, and so forth. Several text-books on commercial subjects were published in Florence before 1400 A.D., and it is owing to the eminence of the Florentines and others in commerce that so

history, political and commercial, illustrates what has been said before (§ 38) about the growth of towns and of the commercial classes in them as opposed to feudalism and the feudal nobility. Unfortunately nearly all the Italian cities, after a period of independence, came again under the power of various lords, though some of these, like the Medici, were originally great merchants. The commercial wealth of these towns gave them their political independence; their internal dissensions caused them to lose it. At the beginning of the sixteenth century their commercial power also declined because the commerce of the East, upon which they all so much depended, was partly annihilated and entirely turned into new channels (§ 93).

But now we must turn from the great cities of the south to the great cities of the north, and then we can go on to the connecting routes of trade between them.

NOTE ON MÆDIEVAL CURRENCIES.—After the fall of the Western Roman Empire, the barbarian kings adopted silver as the principal metal for coinage; but the greatest diversity and confusion existed owing to the number of various coins issued by different chieftains. On the revival of the empire, Charlemagne made an effort to establish a general system of currency based upon the pound of silver as a unit, the unit of currency thus corresponding to the unit of weight. This pound, or *libra*, gave its name to the English £ sterling and the French *livre*, and originally contained the equivalent of a pound weight of silver. Charlemagne's system was introduced into all western European countries, including England and Scotland. The Saxon pound, however, was of 5400 grs. (not the Troy weight of 5760 grs.), and was coined into 240 silver "pennies" of 22 or 23 grs. of silver each; and also into *solidi* or shillings, of which there seem to have been two kinds, the larger of 5 pence and the smaller of 4 pence. But it is doubtful whether the *solidus* was a coin—probably only a money of account.

Unfortunately, the rapid decay of Charlemagne's empire prevented his system from continuing uniform, and many debasements of currency occurred, as local issues were coined by feudal lords in hundreds of places (*e.g.* in England, under the disorderly reign of

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many Italian expressions have been adopted, and are still used, in the commercial language of every European country. Book-keeping by double entry was also a Florentine invention, seemingly first in use about the fifteenth century.

Stephen, nearly every baron had a mint in his castle). The depreciations became perfectly reckless. Those who coined, however, tried to imitate the Roman money in gold, silver, and bronze, but chiefly in gold. The gold coins were copies of the celebrated Byzantine or bezant of Constantinople, with the monogram or name of the coiner stamped on it.

[The *Byzantine* coins indeed circulated all over Europe in the Early Middle Ages, and are very celebrated. The gold coin was the *solidus* of Constantine, with its half and third (*semissis* and *tremissis*). This solidus was  $\frac{1}{2}$  of a pound of gold (= 13s. now), and was the parent of mediæval gold coinages. The silver coins were the *miliarision* and its half, the *keration* (hence *carat*). Both kinds of coins, gold and silver, were issued till the capture of Constantinople by the Latins.

The gold *Bezant*, which is familiar in English commercial history, was originally (*i.e.* before Constantine) equal to the Roman *solidus* or *aureus* (worth about £1 or more), but was often debased and became worth between £1 and 10s. of our money or even less. It was current in Europe from the ninth century onwards, and also in England, till superseded by the *noble* of Edward III. (= 6s. 8d.) There was also a *silver bezant* = 2s. to 1s.]

The chief currencies thus made in imitation of the Byzantine were five: that of the Ostrogoths and Lombards in Italy, the Franks in Gaul, the Visigoths in Spain, and the Vandals in Africa. But *gold* was soon found to be inconvenient by these natives, and *silver coins* were substituted in course of time; thus the chief current coin became the *denier* or penny of about 24 grs. of silver (worth in our money  $3\frac{1}{2}$ d. or 4d.), while the Byzantine *solidus* or *bezant* was used as the current gold coin, and Arab gold money was also current. The new coinage, *deniers*, spread from France to Italy, Germany, and other countries; but, again, as even separate towns possessed the right of coining, great depreciations ensued.

The most famous coin next issued was the *gold florin* of Florence in 1252, containing 54 grs. of gold (= now nearly 10s.) The commercial influence of Florence caused similar issues to be now made all over Europe, and Venice in 1280 struck a gold coin, of the same weight as the florin, called the *ducat* or (later) *sequin*. Genoa and other states did the same. Germany also had a gold *florin*, worth about 10s. of our money. Florence also coined a *silver florin* of 27 grs. (worth now about 4d.) in 1181, and Venice struck a silver *matapane* of 33 grs. about 1192 to 1205.

The need of a heavier silver coinage than the *denier* also led to the issue of the "large denier," or *groat* (*grossus denarius*), of about 90 grs. in the fourteenth century, worth about 13d. of our money.



# DOMINION OF THE HANSA 13TH-15TH CENTURY

Chief Hanseatic towns marked in Capitals.  
Factories underlined in Red.  
The red dotted line shows the Hanseatic sphere  
of influence. It will be seen that this includes  
both land and sea.





We may therefore say that the chief current coins in the Middle Ages were the florins, ducats, sequins, bezants (gold and silver), deniers, and groats.

*Moneys of account.*—The chief coin was the *denier*, or penny, of Charlemagne, and the *soliaus* dropped generally out of use. We may mention, however, that the *solidus* (the German shilling) = 12 deniers; and 20 *solidi* went to a pound weight (*libra*) or 12 oz. of silver. Hence our use of the notation £ *s. d.* The  $\frac{2}{3}$  of the *libra* was the German *mark* (= 8 oz.)

The ratio of gold to silver was about 1 to 10 or 1 to 12: it did not rise to 1 to 15 till the seventeenth century.

[*English coins will be treated separately.*]



## CHAPTER IV

### THE HANSA TOWNS

57. **Northern Piracy. Origin of the Hansa.**—The history of mediæval commerce in the north of Europe begins properly with the growth of that wonderful and powerful organisation known as the Hanseatic League.<sup>1</sup> The origin of this League is somewhat obscure, but this much is certain: that its primary object was to afford mutual protection to the cities composing it against the continual piracy that had infested the German and Baltic Seas ever since the coming of the Northmen (§ 31). Piracy was for centuries the common resource of the younger sons of the royal and noble families of all the Scandinavian nations—Denmark, Sweden, and Norway; and the sea was regarded by them as an open field wherein any bold adventurer might win for himself fame and fortune. But in the course of the ninth century A.D. central sovereignties had arisen in these countries, and had reduced to a condition of dependence the numerous petty chieftains that formerly had ruled each his own small territory without obedience to any lord. The viking pirates found that the territories of these small chieftains along the coasts of the Baltic Sea were now acquiring a certain amount of union and consolidation. They found, too, that the towns upon these coasts were attaining a position of some commercial importance. At first of course the pirates no doubt looked upon these trading towns as their natural plunder, but soon they found a very solid organisation growing up amongst

<sup>1</sup> From the old Teutonic word *hansa*, a confederacy.

the largest of them, and hence they were compelled to leave the scenes of their former ravages alone to some extent, the result being that the coasts of England, Scotland, and France suffered from them still more severely. But of course these changes did not take place all in a moment. There was a considerable period of disorder along all the lands on the Baltic coasts during the twelfth, thirteenth, and fourteenth centuries, but it was during this period that the Hansa League grew up and finally emerged from obscurity till it attained considerable political influence.

**58. The Alliance between Hamburg and Lübeck.—**

As we said above, the date of its origin is doubtful. There was an alliance already existing in the twelfth century between the two growing towns of Hamburg and Lübeck, the former having been founded by Charleimagne in the ninth, and the latter in the middle of the twelfth century. The date of this alliance is variously given as 1169, 1200, or 1241 A.D., but the earliest date is the most probable. Its object was to maintain a safe intercourse between these towns by land, and to protect navigation by sea. This early alliance between Hamburg and Lübeck gradually came to include many other cities in Germany, not only on the northern coast but in the interior as well. The centre of the alliance was formed by the coast towns, with Lübeck at their head, together with Hamburg and Bremen. Then the inland towns joined it; such as Dortmund, Münster, Soest, Brunswick, and Magdeburg. Besides these the ancient city of Cologne was a member, and its union with the northern cities had important commercial consequences, as it connected the northern towns with the waterway of the Rhine and with south Europe. By 1300 A.D. there were already seventy cities in the League, including every centre of importance from Livonia to Holland. These were distributed into four districts. Lübeck was at the head of the first, having under it Hamburg, Bremen, Rostock, Wismar, and others; Cologne was the head of the second, with twenty-nine towns under it; Brunswick of the third, with thirteen towns; and Dantzic of the fourth with eight towns near it, and various others more remote. The capital was Lübeck, where the

archives were kept, and where the congresses were held most frequently, though they were held in other towns as well, and took place every three years. The deliberations of these congresses had great weight, and resulted in decrees which all the towns that were members of the Hansa were bound to keep, upon pain of the most severe penalties. Besides the towns already mentioned who sent deputies to this congress, there were other cities called "confederated cities" or "allies," who neither sent deputies nor contributed to the common funds of the League.

**59. The Influence of the Hansa ; and its Trade.**—As the power of the various cities of the Hansa increased, and their commerce developed, they became more and more ambitious. They did not continue merely to seek their own commercial security, but endeavoured to acquire a monopoly of the trade of the north of Europe, and to exercise the same sort of dominion over the Baltic Sea which Venice exercised over the Adriatic (§ 48). To gain this object they obtained various privileges and immunities from the northern kings, which privileges gave them an almost complete monopoly of the foreign trade of Denmark, Prussia, Russia, and Scandinavia. They often gained these privileges by loans of money to these kings, for kings are generally in want of money. They had, for instance, a monopoly of the herring fishery of the Sound, and used to try to hinder the navigation of foreign vessels in the Baltic. These monopolies and protective measures are opposed to the modern spirit of free trade, which should be the guide of all our commerce, but in those days some privileges of that kind were almost necessary for commercial security amid the barbarism and lawlessness that so frequently prevailed. For there can be no reasonable doubt that, in spite of their monopolising tendencies, the Hansa towns rendered most important services to European civilisation. They suppressed piracy by sea and robbery by land with stern severity ; they accustomed the inhabitants of their towns to principles of orderly obedience and constitutional government ; their congresses and administration gave rise to a fresh spirit of civic order and freedom ;

while their immense wealth caused the introduction of many comforts and conveniences previously unknown in the half-civilised villages from which many of their towns grew up; the standard of social comfort and artistic excellence in the daily life of the burghers was raised; great buildings rose up; and to this day the churches of Lübeck testify in their architectural splendour to the wealth and piety of the old Hanseatic merchants. They encouraged and developed industry in the countries with which they traded. The forests of Sweden and Poland gave place to fields of corn, flax, and hemp; the mines were worked, and the produce of more southern countries flowed in in exchange for this new wealth. Towns and villages sprang up in Scandinavia, where only huts had before been seen. Furs and the skins of bears and wolves were exchanged for woollen cloth, linen, and silk. The vigorous efforts of the League to extirpate piracy rendered the navigation of the Baltic and the North Sea at least comparatively safe; they exerted their influence, too, to protect shipwrecked sailors against the murder and robbery which so often were their fate; they brought to a high pitch of perfection the art not only of navigation but of shipbuilding, and their merchant navy could be, and often was, used equally well for the purposes of commerce or of war. Indeed it was needful that this should be the case, for the Hansa excited the envy of many kings and princes by its prosperity, and often had to fight in self-defence. Nor was it averse to fighting for other reasons as well. Once indeed the Hansa merchants seized and sacked Copenhagen (1249) in revenge for injuries which King Eric II. had inflicted upon their ships in the open sea. A century later, after a long war, they crushed the arrogant power of Waldemar III. of Denmark (1369) and dictated to him a degrading peace, which gave them practically supreme authority in Scandinavia generally, and definitely established their position as a political power in northern Europe.

**60. The Hansa Factories.**—But, not satisfied with its markets and depots in Germany, the League sought to extend and facilitate its commerce by establishing “factories”

or agencies in various foreign countries. Some of the towns which joined the League had already had factories of their own before they joined it. Wisby in Gothland, which was the centre of the Russian trade with Germany, had a factory in Novgorod; Lübeck already had one in Scania; and Cologne had one in London of some importance. But by the formation of the Hansa these former factories gained still greater importance, and fresh ones were constantly set up in addition. They formed trading agencies of considerable utility where the natural productions of the country in which they were placed could be collected and exchanged for the imported goods from the Hansa towns. These factories had special privileges, such as exemption from taxation and the ordinary law of the land, granted to them by the rulers of the country in which they stood—privileges purchased by the wealthy League, or extorted if necessary by war. All these factories were most carefully regulated by strict laws made by the Hansa. They had a kind of council, presided over by an alderman and meeting generally once a week, which all those engaged in the work of the agency had to obey. It is curious to note that celibacy was strictly enforced, possibly from some semi-religious motive, or perhaps that men might give their undivided attention to business. Such factories formed quite a separate little colony in the towns in which they were settled, having laws and regulations of their own, and governed only by their own alderman.

**61. The Factory in London.**—The principal factories were in Novgorod, London, Bergen, and Bruges. That in London will form a good example of the others and will interest us, for it was at one time intimately connected with the commercial life of our capital. As already stated, Cologne had had a factory in London since very early times. There is certainly mention of German merchants there as early as 978. When the factory became the property of the League in general, it rapidly grew and flourished. The Hansards, as the merchant settlers were called, had various important privileges: they governed themselves by their



own laws and regulations ; the custody of one of the city gates, Bishopsgate, was committed to their care ; the duties on various imported commodities were greatly reduced for their special benefit. Even before the formation of the Hansa, at a time when the London factory was the property of Cologne, Richard I. had given the Cologne merchants a "letter of freedom" releasing them from the annual rent of two shillings for their guild hall, and remitting all other taxes and imposts due from them to the king. This was in return for a liberal contribution towards his royal ransom. King John rather curtailed these prerogatives, but Edward I. again extended them. The Hansa merchants greatly helped Edward III., who had pawned his crown and jewels (which were in pledge at Cologne) in order to raise money for his French wars. When the time came to redeem them the royal debtor had not the means to do so—no unusual occurrence (§ 44). The Hansa came to his rescue, found the money required, and even gave him some more, and in return gained still further privileges in London. But as English trade and English merchants grew more prosperous, ill-will and jealousy were excited against the Hansards. The latter were accused of evading even the small import duties they had to pay, and of obstructing English trade in the Baltic. Hence quarrels and complaints arose, and especially in Edward IV.'s reign, when we find the whole question debated and settled in a sort of commercial treaty between that king and the Hansa, drawn up at Utrecht in 1475.

**62. The Treaty of Utrecht and the Steelyard.**—Now this treaty of Utrecht is a very important event, for it shows the immense power of the Hansa, and how it could dictate almost what terms it pleased even to kings. There had been various conflicts between English and Hanseatic merchants, and mutual piracy had been indulged in with the object of damaging each other's trade. But it was by this treaty agreed that all past injuries or complaints on both sides should be forgiven and forgotten, and that a full settlement of conflicting claims should be effected by a payment of £10,000 to the Hansa merchants, which payment

should be received in the shape of remission of customs duties on their exports and imports. The English king was also to appoint two judges to do justice between suitors in all civil or criminal cases in which Hansa merchants were concerned. In this treaty, too, mention is first made officially of the London "Steelyard" or *Staelhof*, which was hereby conveyed to the Hansards in absolute property, as was also a similar *staelhof* in Boston and one in Lynn.

This steelyard, as it was called, formed quite a little colony in the heart of mediæval London. Originally it had been only a warehouse, standing upon the site now occupied by Cannon Street Station, where the German merchants had been allowed to store their goods. This building had been enlarged in Richard II.'s time and now again in the reign of Edward IV. Round it dwelt the colony of the Hansards, living in numerous houses all standing close to the riverside, and meeting regularly every Wednesday morning to talk over business matters, much as our modern chambers of commerce do, being presided over by an alderman and two co-assessors, with nine other members. This steelyard colony existed for more than a century after the Treaty of Utrecht, and it taught many valuable commercial lessons to our English merchants, when as yet English commerce was hardly developed. But, as commerce grew, our merchants became more and more jealous of the Hansa colony; frequent attacks were made upon it by London mobs, and at length Edward VI. took away its charter (1552). Queen Mary restored it for a time (1554), but under Elizabeth in 1597 it was finally abolished, and the Hansa's factory in London ceased to exist. It had done its work and its time was past. Our own merchants were now too strong to brook a foreign rival in their very midst; and the closing of English factories in some German towns by the Emperor Rudolph formed a good excuse for England to retaliate.

**63. The Novgorod Factory.**—Next to London the largest factory of the League was undoubtedly at Novgorod in Russia. This town, situated at the point where the river Volkof runs into Lake Ilmen, was for many years the most



renowned emporium in north-eastern Europe. Its inhabitants possessed considerable prosperity, even as early as the beginning of the eleventh century, and their city, with the territory around it, was almost entirely independent, being probably an alien settlement.<sup>1</sup> From the eleventh to the fourteenth century it formed the great trading centre for the countries between the east of Poland and the Hansa towns in western Europe. The Hansa merchants practically monopolised all its commerce, and at its annual fair they furnished all northern Europe with the manufactures and products of distant lands. So great was the wealth of the city that the saying became a proverb: "Who can withstand God and the great Novgorod?" All this wealth and indeed the whole city was under the domain of the Hansa merchants, who were practically supreme there. But at the close of the fifteenth century, the Czar Ivan Vassilievitch of Russia (who reigned 1462-1505) asserted his claim to the territory of Novgorod, assembled with a powerful army, and finally entered the city victorious at the head of his troops. Yet it did not lose its wealth, though it was lost to the Hansa, for our own countryman, Richard Chancellor, who sailed to Russia by the White Sea passage in 1554, says: "It is the chiefest and greatest mart town of all Muscovy; next unto Moscow the city of Novgorod is reputed the chiefest of Russia." Twenty-five years afterwards, however, the city was ruined by Ivan IV., who in 1570 massacred nearly 30,000 of its citizens as a punishment for some negotiations for surrendering the town to the king of Poland. The foundation of St. Petersburg (1703) finally took away the last remnants of its trade, and it dwindled down to an inconsiderable little town.

**64. The Factories at Bruges and Bergen.**—Another most important factory of the Hansa was Bruges in Flanders. At a very early period of European history, when navigation was so imperfect that ships could not manage to sail from the Baltic to the Adriatic and back in one season, and winter navigation was almost impossible, the German and Italian merchants found Bruges a convenient intermediate station, and therefore set up a ware-

<sup>1</sup> Whether it was of Slav or Scandinavian origin is doubtful. See Zimmern, *Hansa Towns*, p. 153.

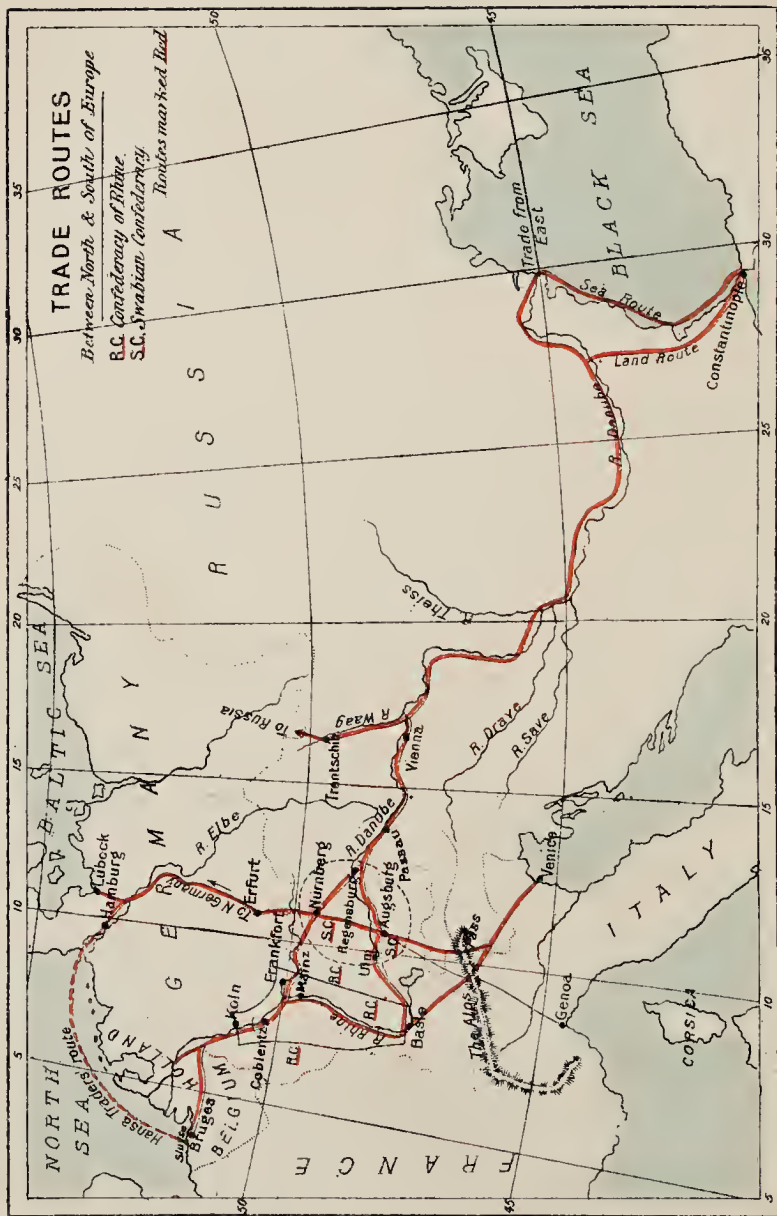
house for their respective products there, partly because of its situation and partly because of the freedom allowed by the government of the Low Countries at that time.

In consequence of the Hansa's factory being established there, Bruges soon rose to a position of great commercial importance. It was the staple town for the import of raw wool from England; the centre for the manufactured linens and woollens of the Flemish cities; for the timber, flax, hemp, corn, pitch, and other products of the northern countries. Its great fair, like that of Novgorod, was much frequented by both northern and southern merchants, as we know from Ludovico Guicciardini, who wrote a *Description of the Low Countries*, and specially mentions the number of Venetian vessels which brought goods to the fair in 1318. The trade of the Hansa with the Netherlands was largely in raw materials, for which the Flemish towns, who were in the Middle Ages the great manufacturers of Europe, were very good customers; and Bruges formed, from its central position, an excellent emporium for that trade. It was for some time also the point to which the stream of commerce converged that flowed down the Rhine from Italy, and which we have mentioned elsewhere.

The fourth great factory of the League was at Bergen, where for a long time it had a practical monopoly of the export trade of Norway in timber, hides, and fish; and possessed a convenient stronghold for securing safe navigation in the North and Baltic Seas.

**65. Trade of the Hansa.**—If we look specially at the articles of commerce in which the Hansa towns traded, we shall find that a large proportion of them came from *Russia*, where they were collected in the factory at Novgorod. Hither came from the interior wax, tallow, hides, leather, and corn; which were exchanged for woollen cloths from Germany and Flanders, linen, yarn, works in metal, needles, salt, Rhine wines, and beer. The exports made by the Hansa factories from *Sweden* were chiefly iron, copper, timber, salted fish, and meat; in exchange for which they imported corn, meal, linen, cloth manufactures, metal work, and wine. The herring fisheries furnished





the chief exports from Denmark, together with salt fish, horses, cattle, and corn; and as usual the Hansa gave in exchange linen and woollen cloths, wine, beer, together with wax and honey. From *Norway* came chiefly timber, resin, pitch, furs, fish, and blubber; and in return were imported corn, wine, beer, metal work, manufactured cloth and coloured yarn, salt, spices, and fruits. From *England* the Hansa merchants obtained much wool and tin, also leather and hides; for which they gave as usual manufactured products, and others, such as wax and herrings. Their trade with the *Netherlands* was very large; they brought thither all the products of the north—fish, blubber, tar, skins, furs, tallow, wax, honey, copper, as well as special German products such as wine, hops, tartar, dye-stuffs, coarse woollen stuffs, corn, fruit, iron wares, timber, flax, hemp, leather, as well as English wool in large quantities, southern fruits, and Asiatic spices and silks. In return the Netherlands furnished fine linen and woollen fabrics made from the wool and flax thus imported, laces, leather-work, silks, and velvets, armour and locksmiths' work. The Hansa also latterly (in the fifteenth century) did a good deal of trade with southern and western Europe, getting wine, salt, oil, and madder from France, and wine, salt, oil, fruit, sugar, silk, and wax from Spain and Portugal. It will thus be seen that their trade was both varied and extensive, and that they formed a very effectual means of transporting and exchanging the products of one country with those of another, before those countries had developed an active trading class of their own.

**66. Decline of the Hansa.**—But in course of time the very success of the League caused its downfall. By its great commercial prosperity it had encouraged a commercial spirit in other lands and other cities, and gradually, as merchants in various countries became commercially stronger and more enterprising, they entered into competition with the Hansa traders and traded for themselves. When the northern kingdoms of Europe were in a state of barbarism, anarchy, and warfare, the good government

and wealth of the towns naturally gave them a great pre-eminence. But as, by the very influence of the League itself, this barbarism and disorder disappeared, and arts and industry became more and more widely diffused, while the inhabitants of these countries sought also to win the advantages resulting from navigation and commerce, the work of the League ceased to be a necessity. Moreover, its power and its attempts to monopolise the trade and shipping of the northern seas were found to be very irksome. The cities of Holland, Prussia, Poland, and Russia had only joined the Hansa in the days of their weakness, because they knew that this was their only chance of being allowed to join in northern commerce. But when Flemish, Dutch, and English ships began boldly to trade directly with these towns, in spite of the opposition of the chief cities of the Hansa, many of the Polish, Prussian, and Norwegian towns withdrew from the League, and at length Lübeck, Hamburg, and Bremen were the only ones left who had any interest in keeping up their confederation. Bruges had grown rich enough to stand alone; so too, as we saw, had London; Novgorod had been ruined by Ivan IV.; Bergen asserted its independence. The rise of Antwerp and London, and the discovery of the sea route to India, gave a new direction to European commerce. The long and disastrous Thirty Years' War (1619-48), resulting as it did in the industrial and commercial ruin of Germany, gave the final blow to the remnants of the once great League. But the Hansa had done a noble work, far greater than the deeds of many princes and kings whose names are still in the mouth of fame. It had helped the improvement of mediæval society, the march of civilisation, and the growth of industry; it had developed commerce throughout the north of Europe, and in doing so had helped to raise it from a condition of barbarism to a comparatively high rank in the civilisation of the world. But having done so, the functions of the Hansa ceased. Such an institution with such a monopoly was unnecessary, perhaps even undesirable, for modern commerce. But we must never forget the exceedingly important services which the League

rendered to the social and industrial life of mediæval and modern Europe.

**67. Incorporation with the German Empire.**—Lübeck, Hamburg, and Bremen long continued to be free and independent cities, and were recognised as such in the act for the establishment of the Germanic confederation, signed at Vienna in 1815. But in the last few years they have been absorbed into the new German empire that has arisen since 1871. Lübeck indeed had anticipated this step some twenty-two years before the other two, but it was not till October 1888 that Hamburg and Bremen yielded to the pressure put upon them by Prince Bismarck, and were formally incorporated in the German Zollverein or Customs Union (§ 184). The event was celebrated with great pomp, the Emperor William II. himself coming in person to receive the ancient free and independent city of Hamburg into his empire. This great gateway of German foreign trade was thus brought within the same customs regulations as the rest of Germany. The gain to Germany was undoubtedly great, the profit to Hamburg and Bremen somewhat dubious. So the Hansa finally came to an end, the last and only privilege left to its three chief cities being that of sending their own special representatives, as being still states and not only towns, to the Imperial Reichstag and Bundesrath.



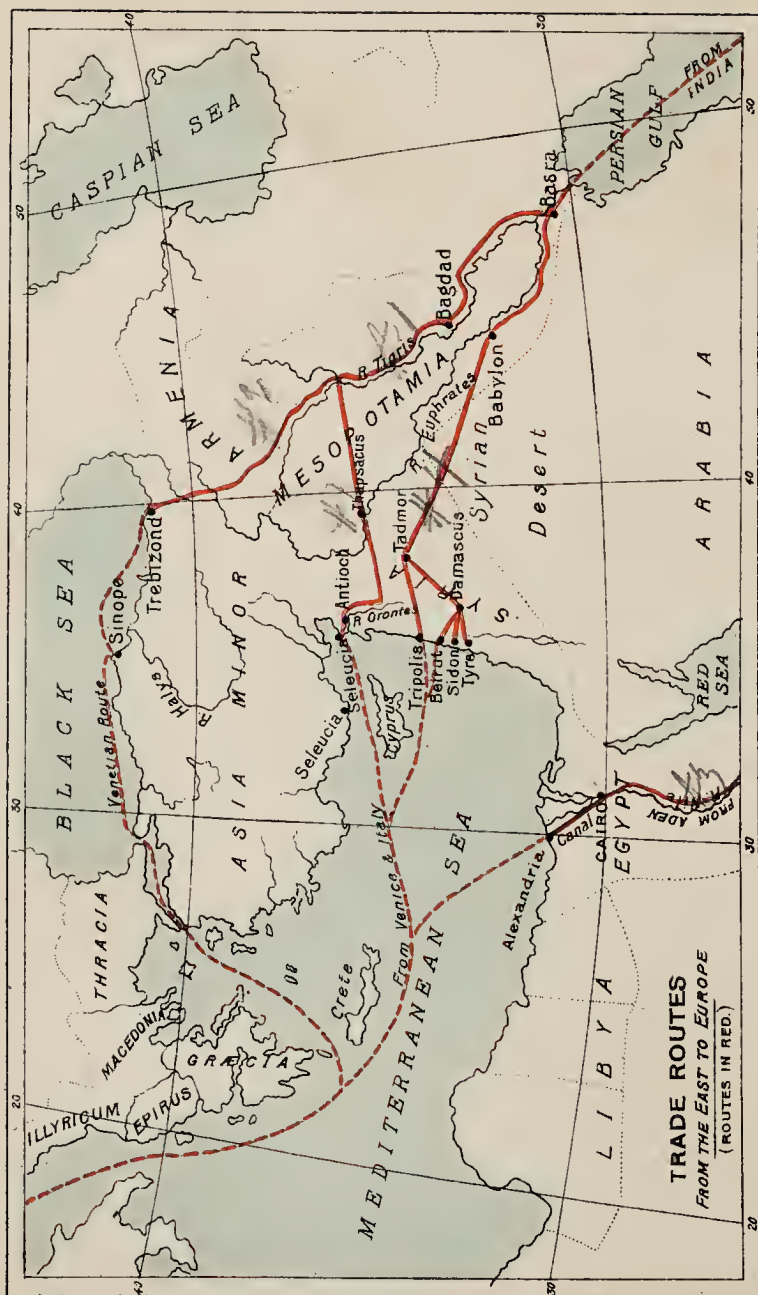
## CHAPTER V

### MEDIÆVAL TRADE ROUTES AND FAIRS

**68. Commercial Connections between North and South Europe.**—The connection between the two great divisions of European commerce, the northern including the Hansa and the Flemish towns, and the southern the Italian republics and Mediterranean ports, was effected by two chief routes. One was by sea from the Mediterranean through the Straits of Gibraltar, up the coasts of Spain and France to Flanders. This route was used more by the southern, and especially by Venetian, merchants than by the northern traders, for, as we saw above (§ 47), Venice sent every year a large fleet to Flanders and the English Channel, which fleet would meet at Bruges, the great Hansa depot, the most important merchants of North Europe and the Hansa traders. Bruges was indeed for a long time the central mart in the north for the commercial world, till 1482, when the canal connecting it with the port of Sluys was blocked up. But at Bruges also the maritime trade just mentioned met the overland trade through central Europe, a trade that was very important, and which enriched many a city upon the Rhine and farther south, from Augsburg to Cologne. We must consider this overland route more carefully.

**69. The Route from Venice to the Rhine.**—The great centre from which it started, or to which it tended, was Venice, where as we know were collected most of the products of the East, coming both *via* Egypt and *via* the lands round the Black Sea. Therefore to Venice came hundreds





of merchants from the inland towns of the German empire, including Austria, bringing in exchange for the products of the East the manufactures of Flemish and German cities and the products of the far north collected by the Hansa (§ 65). The German merchants had in Venice a special warehouse and depot of their own on the Rialto, and no less than ninety agents. Starting, then, from Venice, the merchants used to cross the Alps by the Brenner or Julier Passes, and then would make for the Upper Danube or one of its tributaries, and thence get on to the stream of the Rhine. Their object was generally to utilise a natural waterway wherever possible, rather in contrast to the old Roman traders, who preferred the roads (§ 26). But the roads of the Middle Ages were far inferior to the old Roman highways. One of the first great cities which the mediæval trader passed on this route, coming from Venice, was Augsburg, then a most important commercial centre, standing on the Lech, a tributary of the Danube, and thus leading direct to that great waterway. Thence he might go down the stream to Regensburg (Ratisbon) and Vienna; or he might go up to Ulm and then make a short land journey till he reached the Rhine, and so right away down that convenient stream.

This was perhaps the main route from north to south. But many others converged from central Europe to Italy, and many important cities owed their wealth to the stream of trade.

**70. The Danube Route.**—In Charlemagne's time the cities on the great waterway to the East along the Danube became very flourishing; Regensburg, Passau, and (later) Vienna being important. From Regensburg there ran north and west two great commercial highways into the interior of Germany, one by way of Nürnberg and Erfurt and the other past Nürnberg to the Rhine. Another route from Regensburg, by river, to Trentschin on the river Waag took its merchants through Galicia into Russia, whither they went as far as Kief, the centre of Russian trade. Along this great waterway of the Danube and its tributaries came the products of the East from Constantinople and the Black

Sea—oil, drugs, spices, fruits, silk (raw and manufactured), gold, embroidered and purple robes, fine weapons; while the European exports consisted chiefly of linen and woollen goods, and work in metals. But as in course of time Venice got the eastern trade more and more into its hands, this route along the Lower Danube was given up in favour of the route from Venice to Augsburg, and so farther inland.

The manufactures of the German cities on this route are worth mentioning. Nürnberg made toys and ornaments, the Swabian cities and especially Augsburg wove linen and (later on) cotton fabrics, and all these things found a good market at Venice.

**71. The Rhine Route, and Confederation of the Rhine Towns.**—Another important route was that from the cities of the Rhine, such as Coblenz and Basle, up that river and on to Chur and then by the Julier Pass and the Engadine and the Etschthal to Venice; or again, after passing Chur, through the Septimer Pass and the Bergeller Thal to Genoa. These Rhine cities were very flourishing, from Basle to Cologne. Cologne indeed occupied an exceptionally favoured position as the most southerly city of the Hansa, and at the same time the northern centre for the Rhine trade to Venice. Its importance is seen from the fact that from 1123 onwards the Cologne mark was accepted as current coin in Venice itself. Like most trading towns in the Middle Ages, the Rhine cities were compelled to form themselves into a confederacy to resist the robbery and extortions of feudal nobles, whose only idea of trade seems to have been that it providentially existed as a source of plunder to themselves.

**72. The Swabian Confederation.**—But besides this Confederacy of the Rhine there was another great Confederacy of the Swabian cities, arising from the same causes. The efforts of the merchants to gain free trade and exemption from extortionate tolls when passing through a nobleman's territory, to obtain security for their convoys, and to prevent the frequent downright robberies that occurred, led them to form these unions. That of the Rhine included ninety cities, and existed in a fully organised form in 1255. The Swabian Confederacy was formed a little later, about

1300 or 1350, under the leadership of Augsburg, Ulm, and Nürnberg, and was in close political and commercial relations both with Venice and Genoa. For many years these two great Confederacies, of the Rhine and of the Swabian towns, maintained the security of commerce, held their own against feudal aggressions, and flourished exceedingly; till, in the beginning of the sixteenth century, the more general use of the sea routes, both from the Mediterranean to the north and from India and the East *via* Portugal to England and Flanders, caused their comparative decline. But these two southern Confederacies together with the mighty northern union of the Hansa must be remembered as among the chief features of European commercial history in the Middle Ages.

**73. Routes from the East.**—If now we turn from trade routes in Europe itself to those which led to Europe from the East, we find that at the time of which we are now speaking there were three main streams of commerce. In the twelfth century the caravan trade in Central Asia had passed along several different paths; but after the Crusades, and the decline of the Eastern empire by the capture of Constantinople (1204), the various tribes of Central Asia, rendered more fanatical and warlike than ever by these military and religious events, caused caravan trading to become very unsafe. The first of the three routes which now remained in the thirteenth century was from India and the western coasts of Asia, past Basra on the Persian Gulf to Bagdad by water. From Bagdad merchants went, still by water, along the Tigris to the point on that river nearest to Seleucia and Antioch, and so to the Orontes, and then to the coast of the Levant.

The second route followed the same course as the first till the point of leaving the Tigris, and then proceeded over the Highlands of Asia Minor and Armenia to the port of Trebizond on the Black Sea, where Venetian vessels used to meet Asiatic traders. For both these routes Bagdad formed a very important centre. Hither came all the products of Persia, Arabia, India, Egypt, and Central Asia, some by land and some, as stated, by water *via* the harbour and



port of Basra. Bagdad had also important manufactures of cotton, silk, and linen fabrics, embroideries, gold and silver work, and leather. Thus, by its commercial position and home industries, it became a most rich and flourishing city under the rule of the Kaliphs, a prosperous and splendid capital rivalling Babylon of old in its wealth and magnificence.

The third route from the far East was from India by sea to Aden, then up the Red Sea, to some point where goods could be landed and transported to the Nile, and then by river to Cairo, a journey of thirteen days. From Cairo there was a canal, 200 miles long, to Alexandria, where again Venetian and Genoese merchants were ready to receive the rich spices, sugar, perfumes, precious stones, gum, oil, cotton, and silk brought from the East.

A good deal of the trade from Syria, Arabia, and Persia went also through Damascus, a favourite halting-place for caravans and an important manufacturing town. It manufactured saddlery and harness, weapons of various kinds, especially fine and keen swords, also velvet and silk fabrics, and perfumes; and merchants could easily get from there to one of the sea-ports on the coast of Palestine—Beirut, Tyre, Sidon, or Joppa.

**74. Interruption of Eastern Land Trade.**—But in the fifteenth century events happened which caused some of these routes to be almost abandoned, and all of them to lose much of their importance. These events were the coming of the Turks and the discovery by the Portuguese of the sea-route round Africa to India and China. The Ottoman Turks of whom we are now speaking were first heard of by Europeans about 1240. They gradually gained all the old provinces of the eastern empire in Asia; in 1361 they captured Hadrianople in Turkey and made it their capital, and settled in Servia and Bulgaria. Their progress in Europe was checked by their struggles with the Moguls under Timour in the latter half of the fourteenth century. Timour, however, died in 1405, and the Turks again pressed into Europe, taking Constantinople in 1453, which then became and has since remained the Turkish



capital. The Turkish invasions utterly annihilated Venetian commerce in the Black Sea, and blocked up the two first routes mentioned above. After a time the third route, through Egypt, was also blocked by the Turkish conquest of Egypt under Selim I. between 1512 and 1520. Just before this event Vasco da Gama had discovered the sea route round the Cape, and commerce under the combined influence of Portuguese discoveries and Turkish invasions took an entirely new departure. The result was the decay of the Italian cities and the towns on the Rhine. We shall have more to say about the Portuguese and other discoveries in a later chapter (§ 93).

**75. The Place of Fairs in Commerce.**—Whilst we are upon the subject of trade routes, we ought to mention a very special feature in the life of the mediæval merchant who travelled over them. This feature was the visit to the great fairs held in every part of Europe, and visited by buyers and sellers from every country. These fairs were generally held annually, and often lasted many days. For various reasons they were a very important and necessary element in the commercial life of those times in Europe, just as they are still important and necessary even to-day to every other part of the world where adequate facilities for the transport and interchange of commodities do not exist. In mediæval Europe they were necessary because there was only a very limited shop-keeping class, sometimes none at all, in any but the larger towns; and even in the towns shopkeepers and merchants did not keep such a variety and quantity of goods in stock as they do at present. The population of the Middle Ages, it must be remembered, lived mostly in villages, or in small towns which we should not think much more than villages;<sup>1</sup> and in these places a trader could hardly exist or find sufficient customers for his business. The inhabitants of the towns and villages, for the same reason, required a wider market

<sup>1</sup> In England, for example, only ten towns contained more than 5000 inhabitants at the time of the Domesday Book and for long afterwards (cf. the author's *Industrial History of England*, and the map there opposite p. 36).

for their goods than they had near at hand. As the transit of goods also was, compared with the ease of modern times, slow and difficult, and as ordinary people disliked travelling frequently or far outside the bounds of their own district, it became absolutely imperative to hold a great central market in each district at least once a year. Fairs, in fact, were a necessity, and remained so till rapid or easy methods of transit, such as by railways, steamers, or canals, made travelling and transportation safer and less difficult.

The place of holding a fair was often determined by religious considerations, such as the position of some shrine or holy place to which large numbers of pilgrims came. To this day the annual pilgrimages to Mecca give occasion for the holding of a great fair and for doing an enormous trade. But besides religious considerations, especially in fairs of later origin, the special facilities of a central locality would determine the holding of the fair. Certainly, from whatever cause it originated, every important district in England and on the Continent had its fair in the Middle Ages. The fair was attended by merchants from all parts of the country and by foreigners who came to sell their goods ; by the resident population anxious to lay in the year's store of necessities, or to sell the produce of their industry. Thus at Leeds there was a fair which for several centuries served as a commercial centre where the wool-growers of Yorkshire and Lancashire met English and Flemish merchants and sold them the raw material that was afterwards to be worked up in the looms of Norfolk or Flanders.

**76. English Fairs.**—Some of these fairs were of great magnitude. Such was that of Winchester, first set up in the days of William the Norman, who granted the Bishop of Winchester leave to hold a fair upon St. Giles's Hill, for one day in the year. Afterwards Henry II. allowed the time of the fair to be lengthened to sixteen days. During the whole of this period the great common was covered with booths and tents and divided into streets called after the name of the wares sold therein, such as "The Drapery," "The Pottery," "The Spicery," and so

forth. Tolls were levied on every bridge and road leading to the fair, and thus brought in a large revenue, which went to the bishop. Wool was the principal commodity sold at this fair. But gradually, and especially in the time of Edward III., this fair became unimportant and declined, since the wool trade with Flanders and with Norfolk came to be carried on more in the east of England and from the eastern seaports.

The fair at Smithfield, or "the Smooth Field," in London, known as St. Bartholomew's Fair, was another great fair, which has lasted from the days of Henry I. to our own century. It was established by a monk who built there a priory in honour of St. Bartholomew, and gained leave from Henry I. to hold an annual fair upon the day before St. Bartholomew's Day, on the day itself, and the day after. Wool and cloth were the chief articles sold, and then sheep and cattle, the latter branch of trade surviving all the rest. The fair, which had degenerated into a mere carnival, was abolished in 1840.

The fair of Stourbridge, near Cambridge, was another of the greatest of English fairs. It was renowned all over Europe and lasted a whole month, from about the end of August to the end of September. Its importance was due to the fact that it was within easy reach of two ports, Lynn and Blakeney, which at that time were more accessible, and much more frequented than now by the small ships that went to and fro between England and Flanders or Germany. Hither, then, came the merchants of Venice and Genoa, with stores of eastern produce and their own manufactures of silks, velvets, cotton goods, and glass. The Flemish brought the fine linens and cloth of Bruges, Liège, Ghent, and other manufacturing towns. French and Spanish merchants came with their wines and fruits; the great traders of the Hansa brought furs and amber, iron, copper, and other metals, flax and timber and grain, and all the products of the north (§ 65). In the same way the English farmers, or traders acting on their behalf, carried to this fair hundreds of huge sacks of wool for the manufacturing towns of Europe, barley for the Flemish breweries,

with corn, horses, cattle, and many other goods. Lead came from the mines of Derbyshire, tin from far-off Cornwall, and wool from the Yorkshire wolds and the Cotswold Hills. All these goods were exposed, as at Winchester, in stalls, booths, and tents in long streets, some named after the various nations that traded there, others after the kinds of wares on sale. This vast fair lasted down to the eighteenth century in unabated vigour, and was then described by the well-known writer Daniel Defoe (1724); and not much more than a hundred years ago the Lancashire merchants alone used as many as a thousand pack-horses to send their goods to Stourbridge.

**77. European Fairs.**—Fairs like these just described were held all over Europe. That at Beaucaire in France, on the Rhone, and not very far from the Gulf of Lyons, was very famous, and indeed still continues to be held. It was founded in 1217, being held from the 22d to the 28th of July, and was much frequented by foreign merchants, especially from Italy and the south of Europe, owing to its convenient situation near the Mediterranean. Here the traders from the inland towns of southern and central Europe used to meet the Genoese merchants or the Venetian fleets (§ 47), and a good deal of raw and manufactured silk, as well as the agricultural products of France, was exchanged.

In Germany there was a great fair at Leipzig, which is still held, though now mainly as a book fair. The charter for holding fairs was granted to the town by its feudal lord, the Markgraf Otho, in the twelfth century, who allowed the fairs for Easter and Michaelmas. In 1458 a third fair, at the New Year, was authorised, and the charter for three fairs was confirmed by the Emperor Maximilian in 1507. The Easter fair was the most frequented, and by merchants from every part of Europe. Saxony and other German states sent wool, cloth, glass, and leather wares; England, wool and woollen cloth. From France came silks, lace, and wines; from Flanders all kinds of rich cloths. Many goods also came from eastern Europe, from Russia, Austria, and Poland; and in fact Leipzig formed a very convenient com.

mercial centre for the meeting of traders from the east and west of Europe.

The greatest European fair that still exists is that of Nijni-Novgorod in Russia. It owes its importance to the comparative scarcity of railways in that land, and to the more primitive economic condition of the people. This fair lasts for six weeks or so beginning from the 15th of July, and forms, as it has always done, a most useful meeting-place for merchants from Central Asia or Asiatic Russia, and those from European Russia, Germany, and Poland. It began originally at Kasan, the capital of the Tartars, but was removed to Makarieff (about fifty miles from Nijni-Novgorod) in 1648, and finally to Novgorod itself in 1817, owing to a great fire which occurred at Makarieff, and which gave the government the opportunity of fixing on a more convenient site. At Novgorod a town of stone, instead of wood as formerly, was erected solely for the convenience of those who came to the fair. It contained at first 2500 shops, together with a vast number of sheds, but now more than 5000 shops are used, which are divided into thirteen large streets. The shops are divided into certain quarters where special goods are sold, just as in the Winchester fair before quoted. In one division tea is sold, in another skins and furs, in another metals (chiefly Siberian iron). Some quarters are called, just as at Stourbridge, by the name of the nation whose merchants occupy it, such as the Persian quarter, where carpets, rugs, shawls, and silks are sold. But it is impossible here to give a full description of this great fair. It must suffice to state that goods to the value of some nineteen *million* pounds are exchanged here, three-quarters of them being Russian, and that some 300,000 persons frequent it.

With the exception of the Novgorod fair, all other European fairs have greatly sunk in importance or have even practically disappeared as trading centres since the introduction of railways and the improvement of canals. Nevertheless they remain of some use in remote and sparsely populated districts where communication is difficult and infrequent. With the disappearance of fairs came the



decay of the class of merchants who spent much of their time in travelling about from one fair to another. Their place has been taken by the commercial travellers of large business firms who go constantly, and not only at fixed periods of the year, from town to town and from merchant to merchant or shop to shop in every country of Europe, and even to the ends of the earth. But in the old days of the Middle Ages the great fairs were an integral part of the whole system of commercial life.

The following are the more important fairs which lasted down to a little before the middle of this century, *i.e.* till the time when railways became common both in England and Europe and caused their decay :

(1) *England* : Fairs of Bristol, Exeter, Weyhill in Hampshire (for sheep) ; Bartholomew Fair in London (see above) ; Saint Faith's near Norwich, Carlisle, Ormskirk (all three for Scotch cattle) ; Ipswich, Northampton, Nottingham ; Horncastle in Lincolnshire and Howden (horses) ; Devizes in Wilts, Market Harborough in Leicestershire. Also Falkirk in *Scotland* and Ballinasloe in *Ireland* (both for cattle and sheep).

(2) *France* : Fairs of St. Germain, Lyons, Rheims, Chartres, Rouen, Bordeaux, Bayonne, Troyes, and Beaucaire (see above).

(3) *Germany* : Fairs of Frankfurt-on-the-Main (two yearly) ; Frankfurt-on-the-Oder (three yearly), and Leipzig (three yearly—books, Saxony wool, and cloth).

(4) *Hungary* : Fairs of Pesth and Debreczin.

(5) *Italy* : Fair of Sinigaglia on river Misa (for cottons, silks, colonial and Eastern produce), and many small local fairs.

(6) *Russia* : Fair of Nijni-Novgorod (see above), and Kiachta in Mongolia (for Chinese trade).

Most of these fairs were for general articles of trade, with special goods where mentioned. The list is from M'Culloch's *Dict. of Commerce* (ed. 1844), but is not quite complete.

## CHAPTER VI

### THE MANUFACTURING CENTRES OF EUROPE

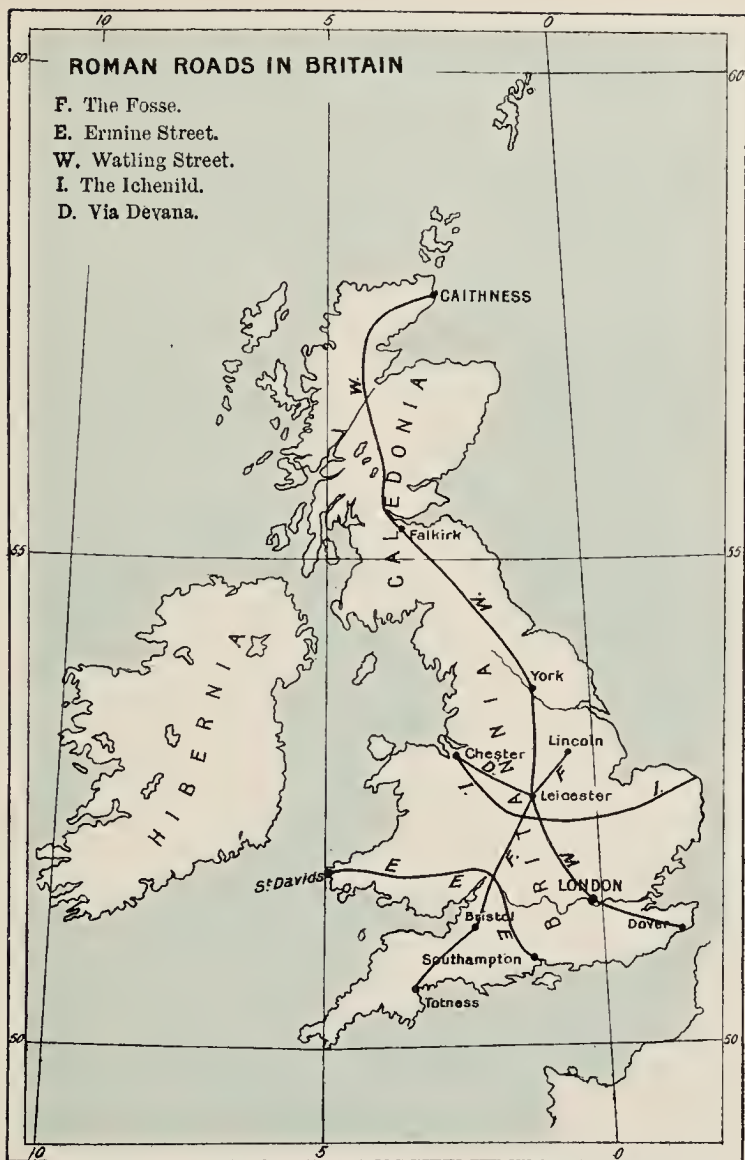
**78. The Manufacturing Districts generally.**—If we glance at a map of Europe in the Middle Ages, we shall find that by far the greatest centres of manufacture were in the north-western corner of the Continent, the portion now occupied by Belgium, part of Holland, and a small part of north France. Linen and woollen fabrics were chiefly made there. The eastern counties of England, especially Norfolk and its great centre Norwich, and the western counties of Wiltshire and Somerset also made a good deal of woollen cloth. The main branch of manufacture in the south of Europe was that of silk, which was made in the north-east corner of Spain in the district round about Barcelona; in France, round about the great centre of Lyons; but more than anywhere else in Italy, round Genoa, Milan, Venice, Florence, and Naples. The raw wool for making cloths of all kinds was sent to Flanders from two main sources—England and Spain; but English wool was superior to Spanish for fine cloths, and moreover, in most cloths Spanish wool required to be mingled with English before it could be worked up. England and Spain, then, provided the raw material, and Flanders did the manufacturing part of the woollen cloth trade. Wool, indeed, in the Middle Ages was the basis of England's wealth, and paid for many of her wars. The silk for the silk-manufacturing towns in Italy came chiefly from the East, though some was grown in Greece and the Ægean Islands, and also (as at Milan) in Italy itself



Most of the flax used for manufactures was brought by the Hansa traders from Germany to the Netherlands, some also was grown in the manufacturing districts themselves, and some came from Ireland.

**79. Flanders: the Growth of Manufacturing Towns.**—The wealthiest and most important of these manufacturing districts was, as we have just said, Flanders. We need not trouble here to go into the earlier history of this province, but certain portions of it shed an interesting light upon the growth of towns and their struggles with feudalism. The province was ruled by a Count who held it as a fief both of the Emperor of Germany and of the King of France; and from the time of Count Baldwin VI. (1067-70) to the end of the twelfth century, Hainault was a separate county of its own. In the tenth and eleventh centuries the Counts of Flanders were wise enough to promote actively the welfare of their subjects and the growth of industry; and it was from this time that the country became famous throughout Europe for its weaving and fulling of cloth. The capital Arras, and Ghent, Courtrai, Rousselaere, Valenciennes, Cassel, Tournai, Lille, St. Omer, Yprès, and Bruges all became prosperous and flourishing cities. But on the death of Count Baldwin VII. in 1119, who left no heir to his country, Flanders was held by a succession of foreign princes and counts, only the last of whom, Philip (1169-91), did much to encourage trade and industry in his territory.

Now the Flemish cities were fortunately growing powerful enough to get a great deal more out of these foreign princes than the doubtful privilege of being governed by them and paying for their favourite pastime of war. They gained important charters and rights of self-government, which thus enabled them to live and work and develop trade in their own way without vexatious restrictions. But there was a great deal of political disturbance going on all this time, and parts of Flanders were sometimes given up to France, and sometimes re-united again under one count. France began to have a great influence in Flemish politics, and in the fourteenth century Flanders was divided by



Much doubt exists as to the exact direction of the Roman roads. This map is based on the statements in Craik's *Hist. of Brit. Commerce*, vol. i. chap. i.; but compare also *The Annals of England* (Parker: Oxford; library edition, p. 6, note.) Some make Ermine Street run from the Sussex coast to the mouth of the Humber, but this is doubtful.



two opposing tendencies. The counts and their nobles were eager to become French and liked the French court and society. Count Louis, for instance (1322-46), spent nearly all his time in France. On the other hand, the sturdy burghers of the manufacturing towns wished to preserve their national independence and municipal freedom, and they were the real backbone of the country. The citizens thus often came into political collision with the counts, but unfortunately they often fought against each other also in civil war, for their great increase of power and wealth sometimes made one city jealous of another and thus led them to side occasionally with the counts against each other. But on the whole they were very flourishing, especially under the Countesses Johanna (1206-43) and Margaret (1243-78).

**80. The Wealth of these Towns.**—Bruges, Ghent, Lille, and Yprès possessed great commercial prosperity, and were very democratic in their politics. Each of them had about 40,000 looms constantly at work, largely supplied with wool from England, and many stories are told illustrating the wealth and magnificence of their manufactures. In 1351, for instance, when the burgomasters of Ghent, Yprès, and Bruges went to Paris to pay homage to King John, they were received with what the French thought great pomp and ceremony. But somehow they seemed dissatisfied, for at the great banquet which was provided in their honour their seats at table were not furnished with cushions. So, to show their dissatisfaction at what seemed to them a lack of due consideration, they took off their rich cloaks all covered with embroidery, and sat down on them as cushions. After the banquet they rose up and left these cloaks behind them. Some one of the court, thinking they had forgotten them, reminded the Flemish of the rich garments they had so carelessly left, whereupon Simon van Eertrycke, the burgomaster of Bruges, answered scornfully: "We Flemish are not wont to carry away our cushions after dinner." The city of Ghent had, in 1400, eighty thousand men capable of bearing arms, the weavers alone furnishing twenty thousand. Unfortunately Ghent often used its men

in fighting against its great rival Bruges, as it did in 1379, when the whole country was thrown into confusion by the struggles of Ghent and its faction of the White Caps against Bruges and the Count Louis III. The struggle of the cities against their various nominal rulers lasted more or less down to the Peace of Utrecht in 1713, for after 1477 Flanders belonged to Austria, then to Spain, and then to France, and was generally not on good terms with its masters. Indeed the Spanish rule in the sixteenth century and the persecutions of Spanish rulers nearly destroyed its prosperity.

**81. Bruges and Antwerp.**—Besides the towns already mentioned, Dendermonde and Oudenarde should be noticed; and also Amsterdam, Rotterdam, and Leyden, which were then in Flanders, and famous for their linen and woollen manufactures. The chief centre for foreign commerce was Bruges, already mentioned as a factory of the Hansa (§ 64), and as the terminus of the route down the Rhine from Italy and the East. It was practically a port, for a canal connected it with the sea at the harbour of Sluys till this was blocked up in 1482 by Maximilian of Germany in revenge for a rebellion in which Ghent and Bruges had both taken part. Thus ships were compelled to betake themselves to Antwerp, which then became a great and flourishing port, especially after the discovery of the New World and the sea passage to India. Then to Antwerp came the products of Asia and Africa as well as Europe, for which velvets, silks, cloth of gold, linen, and woollen fabrics from the cities of the Netherlands were given in exchange. Our own English trade with it was considerable (§ 88). But its prosperity only lasted a century. Like all other Flemish towns it suffered from the Spanish persecutions; and in 1567 and 1585 was ruinously sacked by the Spaniards. It had to yield to London as the commercial emporium of the western world, and, though afterwards very flourishing, never regained its former position as the leading port of northern and western Europe.

**82. Silk Manufactures in Italy and France.**—Before concluding this short account of European manufactures we

must notice briefly the growth of the silk trade. It was not till about the beginning of the Christian era that silk became known in the western world. It was then, however, imported into Rome, and silk garments were looked upon as articles of the greatest luxury, being very rare and expensive. In the later empire the manufacture of raw silk was encouraged by the Emperor Justinian (527-565), who set up looms in his own palace, and had a monopoly of the trade. But Europeans could only procure raw silk to work up from the East; they had not yet obtained any silkworms, for eastern merchants apparently preferred to keep a monopoly of the growth of silk. In Justinian's reign, however, some silkworm eggs were smuggled into Constantinople, concealed in a hollow bamboo cane, by two Persian monks (550), and from these few eggs was developed the enormous multitude and variety of silkworms now existing in Europe as well as in Asia. Raw silk could now be grown in Europe, and a large quantity of it was produced, though of course a great deal still came, and to this day continues to come, from India, China, and Japan. In the Middle Ages, as was mentioned when speaking of Venetian trade (§ 50), Greece was at first the chief silk-growing country; and Byzantium the great manufacturing centre. The Saracen invasion then caused a great stimulus both in the production and manufacture of silk, for these people showed great skill in weaving, dyeing, and designing fabrics with a taste peculiar to themselves and always distinguishable. They caused many of the towns of Asia Minor to become flourishing industrial centres. About this time, also, the cultivation and manufacture of silk spread to Italy, the chief centres being Florence, Milan, Genoa, and Venice. Later on it was introduced into France, looms being set up at Tours in 1480 under the direction of Louis XI. Francis I., again, in 1520, after his Italian campaign, caused eggs to be brought from Milan to the Rhone valley, with a view to cultivating the silkworm and setting up manufactures. In more modern times the great French minister Colbert (§ 144) encouraged the trade. In England we find no cultivation of silkworms, and only a very insignifi-



cant amount of manufacture in the Middle Ages. Silk making had been begun indeed in Henry VI.'s reign (1422-1461), and is mentioned as being carried on by women in London in 1454 in an Act protecting it, but it did not prosper much till about 1585, when the Spanish persecutions in the Netherlands drove a number of skilled Flemish Protestant workmen to our country, and just a hundred years later (1685) another large immigration of skilled Huguenot artisans came in from France, owing to the revocation of the Edict of Nantes. Most of these foreign silk weavers settled down at Spitalfields in London. But, on the whole, silk manufacture was mainly confined to Italy and part of France. The natural exchange of the woollen and linen goods of the north of Europe for the silks of the south occupied a prominent share of the stream of commerce that passed from the Italian to the Flemish and German cities along the great trade routes described in the previous chapter.

NOTE ON MÆDIEVAL EUROPEAN CURRENCY.—We are fortunately able to gain a clear idea of the chief coins in common use in Central Europe from a table issued by the Duke of Lorraine in 1511, in which the following are the chief coins mentioned. (1) *Gold*: English nobles (= about 6s. 8d.)—in request on the Continent owing to their purity; the half-nobles of Flanders (about 3s. 4d. or less); ducats of Venice, Florence, Genoa, and Hungary (= about 7s. to 9s. or 10s.); écus or crowns of France, Germany, Italy, and Savoy (= 6 French livres, or about 5s.); florins of Florence, the Rhine districts, Flemish cities, Denmark, Burgundy (about same as ducat). (2) *Silver*: testoons of Milan, Genoa, Savoy, and Metz (about 1s. to 1s. 3d.; the shillings of Henry VII. were also called testoons—the *teste* = *tête*, a head of the king on them); the carolus of Burgundy (= about  $\frac{1}{4}$  of a testoon); the groats of Flanders (worth about 4d. or less); treizons of France (= 15 deniers); deniers (=  $\frac{1}{24}$  of a pound of silver, *i.e.* nominally 1d. or 24 grains of silver, worth about 3d. or 4d. of present money); grand blancs of France (= 14 deniers); liards of Savoy and France (= 3 deniers). Silver florins (= 1s. to 2s.) were current in several countries, though not mentioned in the Lorraine table.

The above values are, however, only approximate, owing to the constant depreciations of coinage made by many towns and princes. It must also be remembered that a nominal 1d. or 1s. of those times



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would purchase a great deal more than at present, and that silver, till the sixteenth century, was much more valuable than it is now. After the discovery of the silver mines of South America by the Spaniards (§ 112), the coinage of Spain became the most abundant in Europe, silver *dollars* (= about 4s. 6d.), also called *pieces of eight*, being coined in amazing numbers. The great Spanish *gold* coin, the doubloon, was worth about £3 : 1 : 10.

## CHAPTER VII

### THE COMMERCE OF MEDIÆVAL ENGLAND<sup>1</sup>

**83. English Commerce not Important.**—Although England is now such a great commercial nation, she by no means occupied such a position in the Middle Ages. Her manufactures were far outshone by those of Flanders and the Italian cities; her commerce was almost insignificant compared with that carried on by the mighty merchants of the Hansa, or by the enterprising traders of Genoa and Venice. Indeed these foreign merchants came to England far more than Englishmen went to foreign lands; nor did our own country begin to gain the great maritime and commercial position which she now holds till the reign of Elizabeth, shortly after the Reformation and the discovery of the New World and of the new route to the East Indies. Yet, in spite of her comparative insignificance as a commercial power, England was at home very rich in one commodity that was always in demand. This commodity, the mainstay of our mediæval wealth, was wool.

**84. Commerce in Roman Times.**—But having thus mentioned the staple article of export from England in the Middle Ages, we must turn back and glance at the scanty notices of trade in earlier times. It is almost certain that, under the Romans, England was far more flourishing both in internal and foreign trade than she again became for centuries afterwards. Those wonderful people made roads, drained marshes, cut down forests, improved agriculture,

<sup>1</sup> Cf. for this chapter my *Industrial History of England*, pp. 1-90, where the subject is more fully treated; also my larger book, *Industry in England*.

built towns, and introduced a thorough political system, which was of the greatest value as giving a settled form to the irregular life of the early Britons. Thus British resources were developed, and the geographer Strabo is able to give detailed information about our trade in the reign of the Roman emperor Augustus, that is to say, at the beginning of the Christian era. Among the exports he mentions gold, silver, and iron, though he omits lead and tin, which we know for a fact were largely exported from Cornwall, for it was for these two metals that the island seems to have been known long before the Romans conquered it. Other exports were corn, cattle, and skins; also the fleeces of sheep, thus showing from what early times our island exported wool. Slaves likewise formed an important export. The imports were chiefly articles of luxury such as ivory, bridles, gold ornaments, amber, drinking glasses, and so forth. Later on corn became a very important export, for in 359 (according to the historian Zosimus) no less than 800 vessels were sent from Britain with corn to succour the Roman colonies on the Rhine which had been plundered. Other writers mention oysters, and pearls, and jet, as coming from Britain. Under the Romans the exports of metals became much more important than formerly, for the Romans worked the mines to a greater depth than had been formerly attempted, and many relics of their efforts remain to this day. The British Museum contains several pigs of lead stamped with the Roman mark; and blocks of tin with Latin inscriptions have also been found in the old tin-mines and stream-works of Cornwall.<sup>1</sup>

**85. Commerce in Anglo-Saxon Times.**—But after the Romans went, and the various Teutonic settlers came from the mainland and invaded Britain, trade and domestic industry were almost ruined in the general confusion and turbulence of the times. Pirates ravaged the coasts, and navigation became very dangerous. The Danes, however, when they had settled down, had a rather encouraging, if slight, influence upon maritime trade, owing to their familiarity with the sea when formerly pirates. But the history of commerce, with the exception of our commercial

<sup>1</sup> Craik, *Brit. Comm.*, i. 33.

treaty with Charlemagne in 795 (§ 34), is almost a blank till we come down to the days of Alfred. But this great king encouraged trade by cultivating relations with foreign princes, and sending embassies even as far as India. He himself, to stimulate navigation, published accounts of the voyages of Othere to the North Seas and Russia, and of Wulfstan to the east Baltic and the Prussian coast. He founded (in 887) an English navy, which he greatly increased twenty years afterwards. Another Saxon king, Athelstan (925-940), did his best to encourage trading in foreign parts by decreeing that every merchant who fared thrice over the sea with a ship and cargo of his own should be worthy of thane-right, *i.e.* should rank as a nobleman, and when we come to the reign of Ethelred II. (979-1016) we find mention of a law regulating the tolls on ships putting in at the harbour of Billingsgate, which was even then a fishmarket; of trading vessels coming from Flanders, Normandy, and Ponthieu; and of certain German merchants called "the Emperor's men," who were allowed to trade in London. These may have come from some of the towns which, later on, formed the Hansa.<sup>1</sup> Finally, as the country became more settled, wool was exported in ever-increasing quantities.

**86. Results of the Norman Conquest.**—The Norman Conquest now appears as having an important influence on our trade, more especially by the close connection which it established between our island and the Continent.<sup>2</sup> From this time forward there is a fairly considerable trade, mainly in salt and wine, between England and her possessions in various parts of France. At the same time the Conquest was accompanied with considerable disorder in England; the feud between Norman and Saxon was long in dying out; and thus for some time we do not find any very detailed notices upon our commerce till the reigns of the first four Norman kings are over (1066-1154). The fourth, Stephen, as is well known, threw the country into hopeless confusion by his contest with Matilda, and by the internecine struggles of the barons who fought on either side. Still, many of the southern ports—Hastings, Dover, Southampton, Sandwich, and others—did a comparatively exten-

<sup>1</sup> Cf. Heyd, *Levanthandel*, i. 98.

<sup>2</sup> Not only in 1066 but later.

sive trade between England and France, the English exports being tin, lead, corn, and wool, and also works in gold and silver, for which England was then celebrated, and which were made by the monks in their monasteries. But our domestic textile manufactures were insignificant, and though Henry I. in 1110 endeavoured to encourage them by establishing a colony of Flemish weavers in Ross, in Pembrokeshire, England did not for some centuries learn how to work up into fine cloths the excellent wool she grew.

**87. The Crusades and the Great Charter.**—One feature of this period demands our attention, and that is the economic effects of the Crusades, in which that extravagant monarch Richard I. took so prominent a part. They naturally encouraged eastern trade, already developing under the stimulus of pilgrimages to the Holy Land. Eastern commodities now came more freely and frequently into western Europe and England, and notable among these commodities is silk. A monk called William Fitz-Stephen, writing in 1174, mentions, among articles brought to London by foreign merchants, gold, spices, and frankincense from Arabia; precious stones from Egypt; purple cloths from India; palm-oil from Bagdad, and weapons from Scythia, i.e. south Russia and the Black Sea shore. The Crusades also had another very important effect in helping the growth of the towns; for the townspeople, especially the gildsmen, often bought the freedom of their city and their charters from their lords when these lords were setting out for foreign parts and were in need of money. Thus Rye and Winchelsea got their charters by supplying Richard I. with ships in 1191; and when he was taken prisoner, Norwich and Portsmouth bought theirs by helping to pay his ransom (1194). And what these towns did for the king many a smaller town did for its lord of the manor, and thus gained similar privileges.

Soon after the Crusades in Richard's reign we find important evidence of the steady growth of English trade and of the influence of a commercial class in the trading clauses of the Great Charter which the barons, aided by the London merchants, compelled that miserable monarch John

to sign in 1215. Clause 41 declares that all merchants should have safety and security in going out of and coming into this land, and also in staying and travelling in the kingdom ; nor should they have any grievous impositions or taxes levied on them. Again, no fine could be imposed upon a merchant to the destruction of his merchandise, and a uniformity of weights and measures was to be established throughout the kingdom.

**88. English Wool ; its Value and Importance.**—Now throughout the whole of this period wool was becoming more and more the basis of our wealth, and it is stated by one writer on commerce<sup>1</sup> that “all the nations of the world were kept warm with the wool from England.” But the very fact that we exported so much of our wool is a convincing proof of the insignificance of our manufactures. This is well seen in an old document relating to the imports and exports of England in the year 1354, with the amount of the customs paid upon them.<sup>2</sup>

In this list we do not find a single instance of the import of raw material for manufactures, which to-day forms so large a portion of our imports ; the exports, on the contrary, being that valuable raw material wool, together with unfinished pieces of cloth. In fact at this time Englishmen had to send their raw materials out of the country to be made up into cloth, unless they were content with the coarse fabrics manufactured at home. The immense value of the export of wool is seen from the statement made by the nobles in a petition to Edward I. in 1279, that the wool exported was nearly equal to half the land in value. Most of this wool went to the manufacturing towns of Flanders, and any stoppage in the accustomed export would throw half the

<sup>1</sup> Craik, *Brit. Commerce*, i. 169, quoting the history attributed to Matthew of Westminster.

<sup>2</sup> The exports here mentioned are : 31,651½ sacks of wool at £6 per sack ; 3036 cwts. of wool at 40s. per cwt. ; 65 woolfels of the total value of 21s. 8d. ; hides of the total value of £89 : 5s. ; 4774½ pieces of cloth at 40s. each ; and 8061½ pieces of worsted stuff at 16s. 8d. each. The total value of exports is thus £212,338 : 5s., paying a duty of £81,846 : 12 : 2. The imports are : 1831 pieces of fine cloth at £6 each ; 397¾ cwts. of wax at 40s. a cwt. ; 1829½ tuns of wine at 40s. per tun ; and linens, mercery, and grocery to the value of £22,943 : 6 : 10. Total : £38,383 : 16 : 10.



population of the Flemish towns out of work. Hence it is interesting to note how closely England and Flanders were connected politically in the Middle Ages, more especially in the days of the Edwards and Henrys. Much of the policy of our kings was affected by the friendship of Flanders, and the friendship of Flanders depended on the produce of wool. In the wars which Edward I., Edward III., and Henry V. made against France they always first took care to secure the alliance of Flanders, and they paid most of the expenses of these wars by means of taxes on wool. The victories of Crecy and Agincourt were very brilliant; but they certainly could never have been gained unless England had had the means of putting a strong army in the field, and the means of doing this were provided by wool. English wool was a necessity to English victory. It gained the friendship of Flanders in 1340, when Edward III. wished to use that country as a basis from which to attack France, just as Edward I. had done in 1297. Later on Henry V. made an alliance with the Duke of Burgundy, the then ruler of Flanders, in 1417; for in a French war it would have been most disastrous to have had a Flemish ruler against him.

**89. Growth of Home Manufactures.**—But in course of time English people learned to make up the wool produced by their sheep into cloth as good as that of Flanders, and we find that gradually and slowly, but nevertheless steadily, England becomes less and less a wool-exporting country, and more and more a cloth-exporting country, with extensive and valuable manufactures of its own. We have not here space to dwell much upon this subject,<sup>1</sup> but only mention that the change began from the time when Edward III. in 1331 invited John Kemp of Flanders and other weavers, dyers, and fullers, to come over from Flanders and settle in this country under his favour and protection. Many came over, and though it was a long time before the export of cloth from England became at all important, it is nevertheless from the reign of Edward III. that we must begin to count its rise.

<sup>1</sup> Cf. my *Industrial History of England*, pp. 51-57.



Various attempts were also made to check the import of foreign cloth, but, like most protective measures, these failed of their object, and foreign cloth was imported in considerable quantities.

**90. Influence of Foreigners in English Commerce.—**

Now, it is curious to note how much mediæval England owed to foreigners. Just as the Flemish taught us manufactures, so too foreign merchants taught us to undertake foreign trade. It is a very significant fact, showing both the lack of enterprise of English traders and the comparatively low industrial development of the country, that for centuries nearly all our foreign trade was in the hands of merchants from other countries. It was nearly all monopolised by the traders from Italy (Venice and Genoa), the Netherlands, and the Hansa towns, for the Hansa, it will be remembered, had for centuries a factory in London, together with important privileges (§ 61). In the early Middle Ages our traders did not venture into the Mediterranean, and consequently depended upon the arrival of the Venetian fleet (§ 47) at these shores to obtain the products of southern Europe and the East. This fleet, consisting of many vessels laden with cottons, silks, velvets, spices, and precious stones, used to stop at Southampton, while a large number of its vessels went on to Flanders, and single ships put into some of the smaller English ports, such as Rye and Sandwich. While English trade was undeveloped and English traders unenterprising, the arrival of this fleet was eagerly looked for and was very convenient. But as trade increased and our own ships went farther abroad it was no longer needed, and the last visit it paid to our shores was in 1587. Even the Hansa found in course of time that English trade needed no foreign help and would allow no foreign monopoly. Its charter in London was rescinded by Edward VI.; and though restored for a time by Mary, was finally abolished by Elizabeth in 1597 and its "Steelyard" was closed.

**91. English Merchant Companies.<sup>1</sup>—**Meanwhile our

<sup>1</sup> For English merchant and craft gilds compare the general remarks on gilds in §§ 37 and 38.

own merchants had been combining together for trading purposes in various companies which now became continually more and more important. It is said that there existed even as early as the middle of the thirteenth century (1250) an association of English merchants trading in foreign parts called the "Brotherhood of St. Thomas à Becket of Canterbury," from which grew the "Merchant Adventurers' Company," subsequently so celebrated. Wherever this company of adventurers may have originated, it is certain that it gained the formal recognition of a charter in 1505; though already before that time they had obtained a practical monopoly of the export of woollen cloth from England to Flanders, as we know from a petition made against them in 1497. After the gaining of their charter they became one of the most powerful of the trading companies. Another very flourishing association was that of the "Merchants of the Staple," incorporated with a charter in the reign of Edward II. (1313), who exported the "staple" goods of England—wool, sheep-skins, and leather—or traded in them at the various "staple" towns.<sup>1</sup> All these various companies betoken a considerable increase of commerce, growing throughout the Middle Ages, till we find that in Henry VII.'s reign it had really progressed very considerably.

**92. Commerce and Commercial Treaties under Henry VII.**—This reign may indeed be taken as marking the

<sup>1</sup> The "staple" system was the system of fixing certain towns as sole markets for the trade in a particular class of goods, *i.e.* the staple goods of the town. The system had been introduced by Edward I. and Edward II., and was established upon a firm legal basis by Edward III. by *The Ordinance of the Staple* (1354: 27 Ed. III. c. 9). This statute enumerates the staple towns in England (Newcastle, York, Lincoln, Norwich, Westminster, Canterbury, Chichester, Winchester, Bristol, and Exeter), together with their ports (as *e.g.* Hull for York), and sets forth the ancient customs payable upon staple goods. Each staple was to be governed by its own mayor and officers. Besides these towns in England, a foreign staple for English goods (chiefly wool) was set up at Calais when we took it in 1347, and continued there till our loss of that town in 1558, when it was transferred to Bruges. Antwerp, St. Omer, and Bruges had previously been the staple towns for English goods (cf. *The Industrial Hist. of Eng.* p. 59).

period when England began to be something of a commercial power, and henceforth she more and more asserts herself as such. The fact that proves the growth of commerce in this reign, and makes it conspicuous in commercial history, is the conclusion of a number of commercial treaties with various foreign countries, in order to gain greater freedom of trade for our merchants. Of these we may mention the treaty with Denmark in 1490, to which country we exported wool and from which we imported fish; with Florence in the same year, whither English merchants now in their own vessels took large quantities of wool instead of sending it in foreign ships; and finally we must note the *Intercursus Magnus* or Great Treaty with Flanders in 1496, after some slight hostility had been shown in the matter of Perkin Warbeck's sedition. England could never afford in the Middle Ages to be on bad terms with Flanders.

Thus then in Henry VII.'s reign our commerce was greatly extended. The earliest trade of England had been with the Baltic lands and the Low Countries, carried on chiefly by the Hansa merchants; also with Guienne and the west coast of France generally, more especially when England had more or less nominal French possessions. But the petition of 1497 against the monopoly of the Merchant Adventurers states that English merchants now went to Spain, Portugal, Seville, Venice, Dantzic, Eastland (*i.e.* Prussia), Flanders, Holland, Zealand, and Brabant, and did so of course in their own vessels. So that by the time of the great discoveries of the explorers of the New World, England was almost ready to take her place among the great commercial nations of Europe. But she was not yet quite ready. Spain, Portugal, and France all anticipated her both in the Americas and the Indies, only however to yield finally as her commercial and maritime strength grew greater.

NOTE.—(a) *The Jews in England and Europe*.—The exact time when the Jews came to *England* it is impossible to say—probably at the Roman period. They were here in Saxon and Danish times, for Canute ordered their expulsion, and they took refuge in

Normandy. But their first appearance in large numbers occurred at the time of the Norman Conquest, for immediately after 1066 many came over from Caen, Rouen, and other Norman towns. They stood in the peculiar position of being the personal property or "chattels" of the king; and a special officer governed their settlements in various towns. These settlements were called Jewries, and existed, *e.g.* in London, Oxford, York, Lincoln, and Bury St. Edmunds. They were the chief capitalists and financiers in an age when capital (in money) was scarce and finance not well understood. They were protected by the Norman kings; but after the death of Henry I. they began to suffer extortion. Stephen and Matilda robbed them openly; Henry II. (in 1187) demanded one-fourth of their goods; and Richard I. extorted large sums from them. From 1144 to 1189 riots against them were frequent, and John and Henry III. constantly exploited them. Finally in 1290 (on Nov. 1), Edward I. expelled them from the kingdom, under pretence that the Jews were the chief clippers of coin. His real motive was to replenish his empty exchequer from the spoil of the expelled race. About 16,500 are said to have then left England; nor were Jews allowed in this country again till the days of Oliver Cromwell, who admitted them at the request of Menasseh ben Israel, of the synagogue of Amsterdam; and after the Restoration they gradually began to return again. In *Europe* during the decay and destruction of the Roman Empire (under which they had been tolerated) the Jews became, as merchants, the connecting links between Europe and Asia. They became prevaillingly traders because the regulations of mediæval gilds generally barred all other callings to them; though in Spain and south Italy they were at one time agriculturists and artisans. But in most countries prejudice forbade them to own lands or to follow handicrafts, and thus they were compelled to become traders or money-lenders. Among the Saracens and in Spain under the Moors they were left undisturbed. Karl the Great also befriended them, and a Jew named Isaac was one of the principal envoys in the embassy to Haroun al Raschid mentioned in § 30. His immediate successors also left them in peace. The persecutions of the Jews date from the era of the Crusades, when fanatical hatred was as easily excited against them as against the Saracens. In Spain the first persecution began in 1212; then the Inquisition harried them ruthlessly; and at last they were expelled in 1492 under Ferdinand and Isabella. Most of them went to Turkey or Portugal, but they were soon persecuted in Portugal also. In fact persecution raged in every country in the Middle Ages; especially (about the time of the Black Death, 1348-50) in Germany, and (in 1180, 1306, and 1350) in France. They were least persecuted in the commercial states of Italy; and

in the sixteenth and seventeenth centuries they found a refuge in Holland after the Dutch had freed themselves from the Spanish yoke. During the eighteenth century mediæval harshness had become somewhat modified, and now in most countries, except Russia, Austria, and Spain, Jews are legally on the same level as other people, and are permitted to work at any occupation. At the present time (1890) it is believed that there are some eight or nine million Jews in the world, of which seven or eight million are in Europe. Russia contains three or four (some say five) million; Austria-Hungary 1,650,000; Germany 600,000; England only 100,000; France and Holland some 80,000 each; Italy 50,000; and other states only a few thousand apiece. They are still practically excluded from Spain and Portugal, there being only 1500 Jews there, who live mostly at Gibraltar for the sake of British protection.

(b) *English Mediæval Currency*.—The subject of Anglo-Saxon money is rather obscure. The only thing quite certain is that the unit weight of silver from which coins were struck was not our present troy pound of 5760 grs., but the Tower pound of 5400 grs. Of this amount it was the custom to coin 240 silver *pennies* of about 22·5 of our grains each. The different denominations of which mention is found are: the pound, mark, mancus, ora, shilling (greater and smaller), thrimsa, sceatta, penny, triens, halfpenny, farthing, and styca or half-farthing. Of these (according to the great authority Ruding) the penny, halfpenny, farthing, half-farthing, and perhaps the triens, were actual coins; while the rest were only moneys of account. (*Shillings* were not coined till 1504, by Henry VII.) Thus the amount of silver which made an Anglo-Saxon pound (5400 grs.) is now coined into £2 : 16 : 3 sterling.<sup>1</sup> We have then the following table of values: (1) *Money of Account*: the pound = 5400 grs. of silver or £2 : 16 : 3; the mark = £1 : 17 : 9; the mancus (675 grs.) = 7s. 0¼d.; the ora (450 grs.) = 4s. 8¼d.; the greater shilling (112½ grs. ?) = 1s. 2d.; the smaller shilling (90 grs. ?) = 11¼d.; the thrimsa (67½ grs.) = 8½d. (2) *Actual Coins*: the silver penny (22·5 grs.) = 2¾d.; the triens (15 grs.) = 2d.; the halfpenny (11¼ grs.) = 1¼d.; the farthing (5½ grs.) = ¾d.; the styca (copper) = ½d. or ⅓d.

The only *coined* money of the Norman period of which we are certain was the *silver penny*, which as now was one-twelfth of a shilling and  $\frac{1}{24}$  of a Tower pound of silver (5400 grs.), and about 2¾d. of our money. The *pound* and the *shilling* were only money of account. But halfpennies and farthings were probably in use (Henry I. certainly coined round halfpennies) and also half-farthings. The *mark* (=two-thirds of a pound) was a money of account. Foreign coins, notably the gold byzantines, were in circulation in England. In Stephen's time many bishops and

<sup>1</sup> Craik, *British Commerce*, i. 80.



barons coined money on their own account, but Henry II. put down all this money, most of which was base, and in 1180 called in all old coins in circulation. The coinage became much corrupted by the time of Henry III., who called in the old coins in 1247 and issued new silver pennies, halfpennies, and farthings. Edward I. debased the currency of pennies in 1301, and coined the silver *groat* (= 4 pennies). Edward III.'s reign is noticeable for the issue of the first *gold* coins in 1344 ; including *nobles* (= 6s. 8d. of mediæval currency), half-nobles, and quarter-nobles ; but he also debased the coinage, as also did Henry IV. and Edward IV. *Angels* and half-angels of gold were struck in 1466 (= 6s. 8d.) Silver *shillings* (called also *large groats* and *testoons*) and gold *sovereigns* (or double-rose-nobles), double sovereigns and half-sovereigns, were all new coins of Henry VII.'s reign. But the currency was now much depreciated, the pound of silver being coined into 450 instead of 240 pennies, or thirty-seven nominal shillings and six pennies. The worst debasements were made by Henry VIII. and Edward VI., so that in 1551 no less than 72 shillings were coined out of a pound ; and Elizabeth had to make a complete restoration of the currency. The old Tower pound was given up in 1527, and the present troy pound has since been used.

A thorough change was made by Elizabeth, who coined only 60s. at first out of the pound of silver ; but afterwards in 1601 she coined 62s., and so it remained till 1816, when 66 shillings were coined, as there are at present. The *gold* coins of Elizabeth are sovereigns, half-sovereigns, crowns, half-crowns, angels, nobles, and double nobles ; the *silver* are shillings and sixpences, and dollars (in imitation of the Spanish, and = 4s. 6d.)

The *ratio* of gold to silver has fluctuated considerably since Saxon times. In Saxon England it was about 1 of gold to 12 of silver ; after the Conquest (about 1150) it was 1 to 9, and about 1200 it was 1 to 10. In the sixteenth century the ratio began to grow larger till it rose to 1 to 14. These fluctuations make it difficult to calculate the exact values of mediæval coins.





BOOK III

MODERN COMMERCE



## CHAPTER I

### THE GREAT COMMERCIAL EMPIRES OF THE EAST

**93. Discovery of the Cape Route to India.**—Two important events bring us to the modern period of what we may call the great Commercial Empires, the empires built up by European nations in foreign and distant lands. These two events have been before referred to, but they were of such importance that they may be stated again. They were the discovery of the New World in the west, and the opening up of the sea route to India in the east. At the end of the fifteenth century the map of the world showed only one hemisphere—the west was totally unknown, the east wrapped in mystery. Even Africa was only partially known, the coast being traced only as far as the end of the Red Sea on the one side, and to Cape Nun on the other.

It is to the Portuguese that we owe the discovery of the southern half of what is even yet called the Dark Continent, and it was a Portuguese navigator who first doubled the Cape of Good Hope. For some time past Portugal had been steadily rising into prominence as a commercial power, and its chief port and capital, Lisbon, was much frequented. The Portuguese were eagerly desirous of finding a new way to the East by sea, since the incursions and ravages of the Turks in the fifteenth century were already blocking up the old caravan routes by land (§ 74). They had by this time, like all other navigators, learnt the use of the mariner's compass, and were thus encouraged to venture farther than the cautious coasting journeys of a former epoch had led

them. This new, enterprising maritime spirit was specially prominent in, and fostered by, Don Henry, surnamed "the Navigator," the fifth son of King John I. of Portugal. Don Henry felt convinced that Africa did not end at Cape Nun, and consequently promoted several voyages of discovery, the first expedition being sent out about 1415. Very little was done at first, and after twelve years only Madeira and the coast as far as Cape Bojador had been discovered. In 1433 a captain named Gil Eannes got farther south, but Cape Blanco was not reached till 1441, nor Cape Verde till 1446. Nothing further was accomplished till Don Henry's death in 1463, after fifty-two years of earnest and active work in the promotion of African exploration. It was not till more than twenty years after his death that Bartholomew Diaz succeeded in rounding the southern extremity of Africa (1486); and when he did so it was unconsciously, for he did not recognise his discovery till he was returning in despair. He landed at Table Bay, and called the promontory the Cape of Storms. But Emanuel, the king of Portugal at that time, altered this name to the present one of the Cape of Good Hope, in order that no navigator should in future be frightened of doubling it owing to its ill-omened name. Ten years later the discovery of the sea route to India became an accomplished fact. Vasco da Gama sailed from Lisbon on 8th July 1497, and landed at Calicut, on the S.W. (Malabar) coast of India, on 20th May 1498.

94. **The Portuguese in India.**—The natives of Malabar, however, were hostile at first, though the next voyager, Alvarez Cabral, who came out the following year, was very favourably received, being allowed to establish a factory on the mainland and to appoint a "factor" (or consul, as we say now) to represent Portugal there. This factor seems to have had some difficulties with the natives, chiefly owing to his own high-handed actions, which resulted in the murder of himself and the destruction of the factory. Alvarez Cabral therefore sailed up to Cochin, and was received with great friendliness by the chiefs of that part of the country, who allowed him again to set up agencies at Cochin

and at Cananore. But the vengeance of the ruler of Malabar pursued them ; and the Portuguese, together with their native allies, had to fight desperately for their safety. They were almost exhausted with the struggle when in 1504 large reinforcements were sent from Portugal, bombarded Calicut, the capital of Malabar, and established the name and fame of the Portuguese as an important power in India generally. A regular maritime trade with India was now firmly set on foot, but the Portuguese had to struggle hard to maintain it. The Mohammedans of India called in the aid of Egypt against them, and even the republic of Venice joined these enemies, in hopes of crushing this new rival to their ancient trade. In 1508 a powerful expedition was sent out from Egypt against the newcomers, a tremendous battle took place, and the Portuguese were defeated. But by a desperate effort Almeida, the Portuguese viceroy, collected all his forces for a final blow, and succeeded in winning a magnificent naval victory which once and for all firmly established the Portuguese power in India. Two years afterwards Almeida's rival and successor Alfonso de Albuquerque gained possession of Goa (1510), and this city became the centre of their Indian dominion, which now included Ceylon and the Maldive Islands, together with the Malacca and Malabar coasts. In 1511 the city of Malacca was captured, and the city of Ormuz<sup>1</sup> in 1515. The next few years were spent in consolidating their sovereignty in these regions, till in 1542 the Portuguese colonists practically regulated all the Asiatic coast trade with Europe, from the Persian Gulf in the east to Japan in the west. For nearly sixty years after this date the king of Portugal, or his viceroy, was virtually the supreme ruler—in commercial matters at any rate—of the southern coast of Asia. The Portuguese were at the climax of their power in the east.

**95. Portuguese Trade with the East.**—The way in which Portuguese trade was carried on is an interesting example of the spirit of monopoly which has, invariably at first and very often afterwards, inspired the policy of all European powers in their efforts of colonisation. The eastern trade was of course kept in the hands of Portuguese

<sup>1</sup> On the Persian Gulf.

traders only, as far as direct commerce between Portugal and India was concerned ; but even Portuguese traders were shut out from intermediate commerce between India and other eastern countries, *i.e.* China, Japan, Malacca, Mozambique, and Ormuz. This traffic was reserved as a monopoly to the crown ; and it was only as a great favour, or in reward for some particular service, that the king allowed private individuals to engage in it. The merchant fleet of Portugal generally set sail from Lisbon, bound to Goa, once a year about February or March. Convoyed by several ships of war, the fleet followed closely the coast of Africa all the way to Natal, touching frequently at the Portuguese possessions on the shore. From Natal they either made a straight course to Goa, aided by the monsoons, or, if they had time, touched at their stations in Mozambique. On the return journey they took the same course as far as the Cape, whence they sailed to St. Helena, thence to the Azores, and so home again. This voyage generally took about eighteen months, and, owing to the imperfect state of navigation at that time, and the lack of accurate charts of this new route, was frequently attended by the loss of several ships. Immense profits were, however, made by the traders. On arriving back at Lisbon the Portuguese merchants, as a rule, did not themselves engage in any trade with other European countries in the goods they had brought back, but left the distribution of them in the hands of Dutch, English, and Hansa sailors who met them at Lisbon.

**96. Prosperity of Portugal. Discovery of Brazil.**—Lisbon was in a very favourable geographical position for the prosecution of trade with north-west Africa, and it was the wealth acquired by this trade that first helped it to grow rich and flourishing, and stimulated its merchants and navigators to undertake the more adventurous voyages which ultimately led to India. From her West African stations and the adjacent islands came ivory, cotton, gold dust, gum, and slaves ; sugar from the Canary Islands ; and wine from Madeira. From India she procured in richer and fuller abundance all those much-prized eastern products, frequently mentioned above, which had formerly been brought



into Europe only by caravans. Stimulated, too, by their eastern discoveries, Portuguese explorers ventured afterwards to the far west. In 1500 Pedro Alvarez Cabral, already mentioned as a navigator, discovered Brazil, which later on was found to be a magnificent empire full of varied products, though at first it was only thought useful for its dyeing-woods. For a time also the Portuguese were active in the Newfoundland fisheries in the northern Atlantic, but after 1578 had to yield their ground to the English and Dutch.

**97. Collapse of the Portuguese Empire in India.**—But in the east the colonial empire of Portugal, so rapidly and brilliantly acquired, came to a disastrous close. It lasted altogether hardly a century. The avarice and oppressions of its viceroys and merchants, the spirit of monopoly which pervaded their whole policy, and the neglect both of the discipline and defences necessary to keep newly-acquired foreign possessions, hastened its ruin. By 1580 the Portuguese power in the east had seriously declined, and in that year the crown of Portugal was united to that of Spain in the person of Philip II. The Spaniards neglected their eastern possessions altogether, and engaged in wars with the Dutch which had the effect, not only of wasting a great portion of their own and the Portuguese fleet, but of positively driving the Dutch into those very eastern seas which the Portuguese had once so jealously kept to themselves. Only Goa and Diu and a few other small stations remained out of all their magnificent dominion; and when in 1640 Portugal again became a separate kingdom, it was far too weak and impoverished to regain what it had lost.

**98. Rise of the Dutch.**—The rise of the maritime power of the Dutch, to which I have just referred, is an interesting example of the power of energy and enterprise in a small and unfavourably situated nation. It is perhaps equally interesting as throwing considerable light upon the influence of the religious factor in economic and industrial history. For just as Roman Catholic Spain drove Protestant England into maritime enterprise in America and the Pacific Ocean, by inciting English seamen to attack her heavily

laden galleons in revenge for her continuous persecution and hostility to Protestantism, so she drove the Dutch into the East Indies. As has been said, before Spain gained the kingdom of Portugal in 1580, Dutch sailors had been content to meet Portuguese merchants at Lisbon and get from them the products of their eastern voyages. But when Philip II., on account of the revolt of the United Provinces against his religious persecutions, closed this port of Lisbon against them (1591), the Dutch were compelled to do one of two things—either to give up the trade in eastern produce altogether, or to go direct to the east themselves. With their usual energy and enterprise they took the latter course. At first they sought a new route to India *via* the north coast of Europe, but only succeeded in discovering Spitzbergen and Nova Zembla.

**99. Dutch Expeditions to the East Indies.**—Then several Dutch merchants united and formed a “Company for Foreign Parts” (*Maatschappij van Verre*), sending out a fleet under Cornelius Houtmann, who, by the way, had formerly been in the Portuguese service. Houtmann, not without several skirmishes with the Portuguese out there, visited Java, Madura, and several other islands. His account, on his return, of the resources of these islands, confirmed by several natives whom he brought back with him, caused the Amsterdam merchants to determine upon founding a permanent settlement in Java, which they might then use as a basis for further trade with China and Japan. They expected, too, that this would throw the pepper trade into their hands, besides giving them access to the islands that produced still more valuable spices. Eight vessels were therefore sent out under Admiral van Neck, and after a good deal of fighting and negotiating by turns with the natives, these were allowed to trade and four vessels were loaded with spices and cloth. The admiral then sailed to the Moluccas, helped the natives—only too gladly—to expel the Portuguese from some of their settlements, established factories, made commercial treaties, and returned to Holland covered with glory, and, what was more substantial, with riches. Besides Java,

Bantam, Amboina, Ternate, and the Banda Islands were now opened up. Other Dutch companies sent out vessels, but, as competition among them was growing rather too keen for mediæval ideas, it was determined to amalgamate all the various enterprises into one company.

**100. The Dutch East India Company. Commercial Wars.**—The great Dutch East India Company was therefore founded, with a charter granted by the States-General (20th March 1602). This company, which was the pattern of all subsequent enterprises of the kind, was invested with authority to make peace or war with eastern princes, to erect forts, establish garrisons, and appoint administrative and judicial officers. Its operations were directed chiefly towards the Molucca Islands, Java, and Sumatra. It established also factories upon the coast of Coromandel and Malabar, and a staple market for Dutch linen in Negapatam in India. The headquarters of the company were at Jakatra, not far from Bantam, where they built a town which they called Batavia (1621), still one of the great commercial centres of the Indies.

But the Dutch found they were by no means without rivals in their new sphere of activity. Not only the Portuguese but the English were also trading there; and frequent hostilities occurred between all these nations. The English were driven out of Bantam and Jakatra; the island of Timor was seized in 1613. Fierce and sanguinary wars ensued with the Portuguese, who lost nearly all their possessions. In 1651 the Dutch took from them Malacca, and in 1658, with the help of the natives, drove them out of Ceylon. In 1638 they had gained also a footing in Japan, being the only nation, except the Chinese, whom the Japanese allowed to trade with them, and then only under severe restrictions; for they were only permitted to come to the little island of Desima, and during their stay underwent a mild imprisonment. In 1660 they conquered Celebes, one of the last possessions of the unfortunate Portuguese. We cannot, however, conclude this record of the victories of the Dutch without reference to the disgraceful massacre of the English at Amboina, which was a

distinct blot upon their commercial career. The Dutch had driven the Portuguese out of Amboina in 1615, but the English still had five factories on the island, and lived under the protection of the Dutch fort there. Differences unfortunately arose between the English and Dutch colonists, and the Dutch imagined—or pretended to imagine—that the English were forming a conspiracy with the natives against them. In consequence of this, they imprisoned and tortured the English settlers, and finally massacred all of them (1621), thus gaining exclusive possession of the island.

**101. Dutch Commercial Policy. Their Eastern Dominions.**—Like the Portuguese, the Dutch were actuated in commercial matters by a spirit of strict monopoly. They endeavoured to get the exclusive trade in spices into their own hands, and in order to do so, persuaded the kings of Ternate and Timor, the chief of the Molucca Islands, to root out all the clove and nutmeg trees in their dominions for the paltry consideration of about £3000. The cultivation of the nutmeg was thenceforth confined to Banda, that of the clove to Amboina. A rigorous system was introduced. At Amboina, for instance,—an island some 32 miles long and 10 miles broad,—the Dutch allotted to the inhabitants 4000 plots of land, on each of which allotments they compelled them to plant 125 trees, amounting altogether to 500,000, the total produce of which was worth over a million sterling. The eastern dominion of Holland was divided into five “governments” or provinces—Java, Amboina, Ternate, Macassar, and Ceylon.

Thus the Dutch acquired for themselves a rich and extensive colonial empire in the east; and, fired by their success and enriched by their gains, they sought to build up another in the west, till at one time their dependencies encircled the globe, from the East Indies, Ceylon, and India, past their colony at the Cape of Good Hope, to the West Indies, Brazil, Guinea, and New Amsterdam (now New York).<sup>1</sup> Of their western possessions we will speak

<sup>1</sup> Later (in 1810) the Dutch possessions in the east passed under French dominion, and were attacked and conquered by the English in

separately later. These, indeed, have not lasted as have the others; and just as it was the fate of the Portuguese to succumb to the Dutch, so it was the fate of the Dutch to succumb, though not so completely, to the English. The English inherited their power, both in the east and the west. Before, however, we come to the story of the growth of the English colonial possessions in the Indies, we must glance rapidly at the colonies of France.

**102. The French in Africa and India.**—Except in North America, about which we shall have occasion to speak later, the French have never shown any great colonising ability. They were not so adventurous as the Portuguese or Dutch in foreign commerce, though it must be admitted that in European politics they were rather too adventurous for the peace of their neighbours. Some French merchants had, however, ever since the end of the fourteenth century, had trading intercourse with the west coast of Africa, but their commerce was inconsiderable. But in 1621 an African trading company was formed to carry on trade in gold, slaves, and indiarubber. They managed to gain a footing in Senegal, but the rest of the Gambia region was secured by England. Then the French tried to colonise Madagascar, and set about it in a very violent fashion, with the result that after considerable fighting their settlers were driven out by the natives, and had to flee to Bourbon and the Isle de France (Mauritius). These islands, fortunately, became soon very flourishing colonies. Other attempts were also unlucky. The plan of acquiring territory in Siam, by means of the religious missions sent out there, failed, as it did in Ceylon and Surat. India was the only country where fortune seemed to favour them. In 1624 the great French East India Company was formed, and ten years later it had prospered sufficiently to make a settlement at Pondicherry (1634). But, like that of the Portuguese, the French empire in India—if it was an

1812. They were returned to the Dutch again in 1816, and since then have remained in Dutch hands.



empire—lasted barely a century. Just as they seemed upon the verge of gaining the sovereignty over the whole of the southern portion of the peninsula, they were utterly defeated and driven back by the English East India Company under Clive. The affairs of this celebrated company, to which we owe our present power in the east, must now occupy our attention.

**103. The First English Voyages to India.**—It was founded on the last day of the year 1600. For more than a hundred years previously Portuguese ships had sailed to and fro from Europe to India, and the pope had given them claim to all lands in the east occupied by infidels. But the decline of the power of Portugal and the renunciation by England of the pope's authority at the time of the Reformation had now caused this prescriptive right to be disregarded. Yet it was not till 1582 that the first English sailor, Captain Stephens, sailed round the Cape to India. His voyage was followed by the more celebrated one of Cavendish, who set out in 1586, and after going as far as the Philippine Islands, returned prosperously home again in 1588. The curiosity and the hopes of English merchants were already beginning to be inflamed by the reports of these voyages when they were still further stimulated in 1593 by the capture of a Portuguese ship of 1600 tons burden by an English armament under Sir John Burroughs and Sir Walter Raleigh. This Portuguese ship was the largest vessel ever yet seen in England, and her cargo, consisting of gold, spices, calicoes, silks, pearls, drugs, rare porcelain, ivory, and other precious Oriental wares, greatly excited the envy and admiration of English merchants at that time.

**104. The East India Company. Early History.**—These and other causes produced the movement which resulted in the formation of a company, under a charter granted by Queen Elizabeth, called "The Company of Merchants of London trading into the East Indies." The first trading expedition sent out, on 13th February 1601, consisted of five small ships under a Captain Lancaster. The goods carried out by them consisted chiefly of bullion,







iron, tin, broadcloth, cutlery, and glass. The voyage, though tedious, was prosperous, and Lancaster returned safely back in 1603. But on the whole very little enthusiasm was shown in the affairs of the company after this first beginning, and for very many years the amount of trade done was quite small. A factory, however, was established at Surat in 1612, by permission of the court of Delhi. Yet the profits of the company, though fair, were by no means so high as has been represented.<sup>1</sup> For a long time also they had to contend with the hostility of the powerful Dutch East India Company, and very sanguinary struggles sometimes ensued, the worst feature of this commercial war being the massacre of Amboina (1621) before alluded to (§ 100). Still their factories and settlements increased. Fort St. George (Madras) was built in 1640. Other factories were established in Bengal in 1645. Madras was raised to the rank of a presidency in 1658. In 1668 Bombay was given to the company by Charles II., who got it as part of his marriage gift from Portugal, and the company established a mint there. It was during most of the period covered by the reigns of Charles II. and James II. that the company's affairs were managed in England by that eminent man of business and economist, Sir Josiah Child. His brother, Sir John Child, managed them in India. Sir Josiah, struck by the small amount of the trade actually done compared with the magnificent resources available, conceived the idea of winning territorial sovereignty in India by force of arms; and in 1686 an expedition was actually fitted out for this purpose, but utterly failed.

**105. Its Power and Acquisitions.**—The most critical period of the company's existence was probably in 1698,

<sup>1</sup> Up to 1620, for instance, the company had sent seventy-nine ships to India. Of these thirty-four returned home richly laden, eight had been lost at sea, and twelve captured by the Dutch. The total exports to India (since the formation of the company) had been £840,376, imports from it cost £356,288, and had been sold in England for the large sum of £1,914,600. But the quarrels with the Dutch had cost £84,088. The company's stock of goods and ships in India was valued at £400,000.

when a body of merchants, who had long wished to compete in the Indian trade, gained a charter forming them into a new company. But a very few years convinced the rivals that association was preferable to competition, and so in 1702 they were amalgamated into "The United Company of the Merchants of England trading to the East Indies." Meanwhile the old company was gaining fresh power and territory in Bengal, sufficient to raise the agency to the rank of a presidency, while in 1717 they obtained from Furuksur, a descendant of the great Aurungzebe, grants and patents constituting what is called the "Great Charter of the English in India." The most important article in this charter was that which made the goods both imported and exported by the company free of all duty. For some time after this the company's trade grew steadily, but it was still not so large as many people are accustomed to suppose, though the profits made on it were often enormous. There can be little doubt that this state of things was due to the deadening influence of the monopoly which the company enjoyed, and which, like most protectionist devices, brought its own disadvantages with it. But suddenly a time came when the commercial power of the company was to be eclipsed by its military achievements, when the dreams of Sir Josiah Child as to territorial grandeur became realised to an extent which even he had hardly conceived. Since the death of the famous Aurungzebe in 1707, the empire of the Moguls of Delhi had been rapidly falling to pieces, divided among smaller princes and rulers who had formerly been subject to it. The struggles and intrigues of these rival nabobs gave an opportunity, for which the French had long been looking, of acquiring for the French East India Company the practical sovereignty of Southern India.

**106. Struggle between the French and English in India.**—On the death of the Nizam of the Dekkan in 1748, Dupleix, the governor of Pondicherry, which was the chief French station in India, had gained considerable influence with the successor of the Nizam and with the Nawab of Arcot. He thought it a fitting time to begin an

attack upon the English, and it was not long before the two nations, French and English, were at war. They began by each taking the side of a different claimant to the Nawabship of the Carnatic, the English supporting Mahomed Ali, the French Chanda Saib. It was when Clive set out to relieve Mahomed Ali, who was besieged at Trichinopoly, that the two European nations first came into collision. Clive thought it a good opportunity to seize the important town of Arcot, and only just fortified it in time to stand a severe siege there (1751) conducted by Chanda Saib and the French. He caused them to raise the siege, and then defeated them severely in a pitched battle. It was the courage shown by the English on this occasion that has caused the defence of Arcot to rank as the turning-point in our Indian history. Formerly, the French had been looked upon by the native princes as far superior in military affairs to their rivals. The position was now reversed. Yet it must be remembered that the conquest of India was not accomplished so much by English soldiers as by native sepahis (or sepoys), who showed a singular aptitude for learning our military discipline. At this period the English contingent in the army raised by the company was never more and often less than *one-fifth* of the whole, the remaining four-fifths being sepahis. And this too should be remembered: the English conquest began, not in a war against native chiefs, but in a defensive struggle against the French attempt to win the supremacy of southern India. From 1750 till the time of Napoleon our wars in India always bore the appearance of, and often really were, defensive wars against France. We cannot here go into all the details of these wars. We can only mention the fact that, after the siege of Arcot, the magnificent exertions of Clive and Lawrence defeated the French and their allies again and again, till finally Dupleix was recalled in 1754, and quiet was restored.

#### 107. English Conquests: Extension of our Power.—

But two years later war broke out again between the English and the French companies, and also with the

natives, partly because the Seven Years' War in Europe involved France and England in hostilities, and their representatives in India felt bound to follow suit; and partly because of the unprovoked attack of Suraj-ud-Daula, the Nawab of Bengal, Behar, and Orissa, upon the English in Calcutta. Clive dropped an expedition which he had planned against Bussy, the French governor in South India, and hastened to Bengal, where he finally defeated Suraj-ud-Daula utterly at Plassey (1757). Mir Jaffir, a friend of the English, was put in his place, and Clive employed himself in driving the French out of Bengal. Reinforcements were sent out to both parties by their home governments, but the French were defeated not only on land but on the sea, while the victory of the English under Coote at Wandewash in 1760, and the capture of Pondicherry in 1761, gave the deathblows to the French power. In 1765 Clive, now Lord Clive, became governor of Bengal, and in the same year he procured from the emperor at Delhi (the great Mogul) the *dewani* or right of collecting the revenues of Bengal, Behar, and Orissa, which may be reckoned as giving the English the recognised sovereignty of Northern India. They gained by conquest the Carnatic, and by grant the Northern Circars about the same time; and thus obtained a like position in the southern and eastern regions. Clive left India in 1767; and after three years of misrule by other officers, the home government determined to reorganise the constitution of the company, and claim a share in the government of the territorial possessions thus acquired. The presidency of Bengal was raised above all the others, and a governor-general of India was appointed, the first to hold this office being Warren Hastings. This great governor had hard work to keep our new territory secure, for a formidable coalition of native princes—the Nizam of Hyderabad, Hyder Ali, and the Mahrattas—arose, and was with difficulty defeated (1780). He was succeeded by Lord Cornwallis, and henceforth an English statesman of high rank was always sent out to administer the company's political and military affairs. Still further territorial



acquisitions were made by the next governor, the Marquis Wellesley (1798-1805), and alliances were made with native princes. Frequent wars took place, but the English power steadily grew, the territory of the Peishwa being annexed in 1818 by the Marquis of Hastings, and the northern portion of Burmah, after the first Burmese war, by Lord Amherst.

**108. The Affairs of the East India Company ; and its End.**—The affairs of the company, however, were not really prosperous. Its servants committed the greatest extravagances and continually returned home to England with immense fortunes, while the company itself was frequently in financial difficulties. The amount of its trade was insignificant compared with what it might have been.<sup>1</sup> It had immense native revenues, but equally immense expenses. The fact was that the unfortunate monopoly which it possessed stifled its enterprise and hindered the development of its resources. But at length in 1813 the East Indian trade was, still with some restrictions, thrown open to private enterprise, with the result that in a very short time our trade in those parts was actually trebled. In 1810 it had been worth only a little over a million, and in 1819 amounted to over three millions. Finally, upon the renewal of its charter in 1833, the company was compelled to abandon entirely its trading, and to allow the settlement of Europeans in the country. Its functions became wholly political till the Great Mutiny of 1857 gave the aged company its deathblow ; and by a proclamation to the princes, chiefs, and people of India on 1st November 1858, Queen Victoria took over the government of India.<sup>2</sup> Shortly before this, under Lord Dalhousie's governorship (1848-56), railways and telegraphs had been introduced into the country, and the internal resources of the country have since been rapidly developed. The exports of India had not up to the present century averaged

<sup>1</sup> In 1780 the East India trade only formed  $\frac{1}{32}$  part of the foreign trade of the kingdom.

<sup>2</sup> But it was not till 1877 that she formally assumed the title of Empress of India.

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more than £1,000,000 a year; by 1834 they rose to £10,000,000; in the next fifty years they were increased sixfold, being worth £66,000,000 in 1880; and £70,000,000 in 1890. Yet this rich empire has cost us practically nothing to acquire, and has added very little to our national debt. Its acquisition has been one of the few examples in modern times of a war of conquest, and that too a conquest aided chiefly by native soldiers themselves and paid for by the conquered nation.



## CHAPTER II

### THE COMMERCIAL EMPIRES IN THE WEST

**109. Colonies of European Powers.**—We have just seen in the last chapter how the great colonial empires grew up in the eastern hemisphere ; how Portugal, Holland, and France all had the start of England in the foundation of them ; but how in the end England, or rather the East India Company, acquired a dominion greater than any. In the western world the process is somewhat similar, though not quite the same. But here again England was, as usual, last in enterprise, and yet has gained the largest empire ; although, just when she had conquered her great rival France in North America, she lost the larger half of her power there by a great historical mistake.

Now, throughout the whole of this period of the commercial history of Europe—that is, from the discovery of the New World down to the present time—it should always be remembered that our present colonial empire, which we often call Greater Britain, is only the survivor of a number of other great colonial empires gained, and since lost, by other European states. Just as there is now a Greater Britain, so there was, not so very long ago, a Greater Spain and a Greater France, to say nothing of Greater Portugal and Greater Holland, which latter are still by no means to be overlooked. But in this chapter it is Greater France and Greater Spain that concern us more closely, as we trace the story of their rise and decay, and try to discover the reasons for their present insignificance. We saw that the spirit of monopoly combined with gross

mismanagement ruined the colonial possessions of Portugal, and that a monopoly again cost more than it was worth to the Dutch. The causes acting in the New World were really the same, though operating in a different form.

**110. The Discoverers of the New World. Spain's Monopoly.**—Every one knows how the western hemisphere was thrown open by the discoveries of Columbus in the West Indies (1492) and South America (1498), and by those of Cabot and his sons (in 1497) in North America. The age was one of exploration. Alvarez de Cabral (§ 96), the Portuguese, discovered Brazil in 1500; Ponce de Leon, the Spaniard, discovered Florida in 1512; Hernandez Cordova visited Yucatan and Central America in 1517. Then came the era of conquest—the conquest of Mexico by Cortez in 1519; of Peru by Pizarro in 1524; of Chili by Almagro in 1535. But on the whole the vast countries opened up by the explorers were developed with extreme slowness. Almost the whole of the sixteenth century passed away before the European powers seriously turned their thoughts to the New World. Consequently it remained almost exclusively for a hundred years in the possession of Spain, Portugal, as we saw, proceeding to try her fortune in the east. France planned a settlement in North America, of which only the name (Carolina, from Charles IX.) remains, for it was destroyed by the Spaniards from Florida. Sir Walter Raleigh tried and likewise failed. The Dutch did not appear upon the scene till the end of the century (1595), nor was it till then that France and England also seriously began to found colonies. Spain for a hundred years monopolised<sup>1</sup> the New World, which, moreover, had been granted to it by the Pope's award in 1493.

**111. The Great Power of Spain.**—In the sixteenth century Spain was indeed by far the greatest power in Europe. It had long been driving out the Moors; and now, scarcely had it become a united kingdom and free from foreign races when, by the discoveries of Columbus, it gained another continent. For in the same year, 1492, that this discovery was made, the Moorish power in Spain was

<sup>1</sup> With the exception of Brazil (§ 115).

annihilated by the conquest of Granada, in the reign of the celebrated Ferdinand and Isabella. Spanish power in Europe then went on increasing, largely owing to the fortunate chain of inheritance by which Charles V. gained the empire of Germany, the Netherlands, Burgundy, and Sicily; while Philip II., the husband of our Queen Mary, governed besides Spain itself, Portugal, Milan, Sicily, the seventeen provinces of the Netherlands, and Franche Comté, in Europe; Tunis and Oran in Africa, together with the Canary and Cape Verde Islands; the Philippine and Molucca Islands in Asia, as well as the Portuguese colonies in that quarter; and finally in America the empires of Mexico and Peru, New Spain, Chili, and nearly all the islands of the western hemisphere.

#### 112. Effect of her Discoveries upon Spanish Trade.—

But Spain explored her new conquests in the west with only one object—the acquisition of gold and silver. The most fertile regions, though possessing the most luxuriant natural resources, were despised unless they immediately exhibited signs of the precious metals. In 1532 the first silver mines, those in the Mexican province of Zacatecas, were discovered, and then those of Potosi in Peru. The unfortunate native Indians were employed in these mines, and were so cruelly treated that nearly all of them perished, and their places had to be supplied by the importation of negro slaves from Africa. The precious metals positively streamed into Spain, and an era of extraordinary luxury arose. The Spaniards have in all ages despised commerce and industrial arts with an intensity that has since brought its natural punishment in their financial ruin; and at this period they despised them still more. They drove out the Jews, their most diligent and skilful workmen. Their own industry, such as it was, could not suffice for all the desires which the silver of Peru gave them the means of satisfying; and thus foreign merchants and artisans had to supply the deficiency. A great part of the precious metals from Spanish colonies was sent to the markets in the Netherlands, to be there exchanged for linen and woollen cloth, manufactured metals, English woollen fabrics, corn, and also timber, pitch, and all other

necessaries for shipbuilding ; for Spain now wanted many ships to sail to and from her new colonies. Italy and the Levant sent her artistic works and articles of luxury which the now wealthy Spaniards bought in large quantities. Moreover, foreigners now hastened with their wares to Spanish ports—to Seville, Cadiz, and San Lucar. English, Dutch, and German merchants brought the articles of which Spain had need, and which have been just mentioned, and took back in return quantities of gold and silver, pearls, and precious woods from the New World ; as well as wines, wool, and silk—for which products the country has always been famous—from Spain itself. Of course under these favourable circumstances even Spanish industry received a stimulus, especially in the making of woollen, velvet, and silken fabrics, armour, and fine leather ; but industry was subject to many vexatious and cramping restrictions, and did not attain a really healthy or permanent growth.

**113. The Colonial Policy of Spain.**—In her colonies Spain pursued the same foolish policy of discouraging industry. Few harbours were established. The cultivation of European products and all manufactures were forbidden. Ferdinand and Isabella had caused the vine and olive to be introduced into the Antillès and South America, but the cultivation of these fruits was suppressed (except in Peru and Chili for purely local use), in order that the inhabitants might be compelled to buy from Spain. Natives and colonists alike were forced to purchase from the mother country all kinds of clothing and manufactured articles. The unfortunate Indians had to buy things of the use of which they were absolutely ignorant—buttons, books, laces, mirrors, ornaments, and the like. In fact Spain put into practice to its fullest extent the mischievous “sole market” theory of colonisation which already has been mentioned, and under which a colony is merely looked upon as a market for the goods of the mother country, while it is not allowed to manufacture or to sell goods on its own account. Even trade carried on by Spanish merchants was subject to most hampering restrictions. They were only allowed to send out goods in royal ships, and the quantity and price thereof

were regulated by government. Of course smuggling and corruption flourished under such a foolish policy. Piracy and filibustering arose as a natural consequence. Such a system could not last long ; and its end came in due course.

**114. Decay of Spanish Industry and Commerce.**—The decay of Spanish power began with the revolt of the Netherlands in 1579 and the attack of the Armada upon England in 1588. Henceforth the energies of English and Dutch sailors alike were directed towards the destruction of the Spanish fleet. Its galleons, richly laden with gold and silver, were the prey of adventurous sea-captains, such as Drake and Raleigh. Meanwhile, to complete the industrial ruin of its country, the Inquisition persecuted the Moorish settlers, who, like the Huguenots in France, were the most skilful and artistic artisans and manufacturers of the land. Internal industry declined, and with it external commerce. Population even diminished ; and by 1648, when peace was concluded with England and the Netherlands, Spain had sunk, commercially, financially, and industrially, very low. Its silk and leather manufactures had decayed, and it depended for its foreign trade chiefly on its agricultural products of wool, wine, oil, and fruits. Its unwise protective policy taxed the exports of manufactures and put duties even on internal commerce. As for its colonial commerce, that had by this time passed into the hands of foreigners.

But the Spanish colonies were certainly making progress now that they did not trade only with the mother country. Cocoa, indigo, tobacco, and the sugar-cane were carefully cultivated, and the export of raw hides from the cattle they reared also became considerable. But the trade was all in the hands of foreigners. In Spain itself industry was for a time improved after the Bourbons came to the throne in 1713, but the revival did not last for long. The gold and silver of the west had proved a curse to the nation by almost annihilating what slight inclination it had to industrial arts. The wars with the rising colonial power of England in the seventeenth and eighteenth centuries completed its commercial ruin ; its American colonies revolted



and made themselves independent ;<sup>1</sup> and now only Cuba, Porto Rico, and a few small islands remain out of all the vast colonial empire of the Spain of Philip II.

**115. The Portuguese in Brazil.**—As we have already seen, Portugal, except in one vast province, sought her empire in the east. This province was Brazil, which after its first discovery in 1500 (§ 96) was first colonised in 1548 by some refugee Jews from Portugal, and was greatly developed by the efforts of Governor de Souza and the Jesuits. But it was more particularly after Portugal, through her unfortunate connection with Spain, had lost her Indian empire but had again become an independent kingdom (1640), that the full importance of the magnificent regions of Brazil was appreciated. For some time the Portuguese had had to contend with the growing power of the Dutch out there, but finally an agreement was made by which the country was shared by both nations ; and gradually, by conquest or treaty, most of it came to Portugal. From the middle of the seventeenth century, then, its resources were developed rapidly. Gold and diamonds had always been found there ; now the sugar-cane was cultivated in large quantities. Woods used for dyeing, drugs, and hides were largely exported. But yet Portugal gained little by this increase of commercial activity, for, except the slave trade to Brazil, the trade was almost wholly in the hands of the English and Dutch, who by the middle of the seventeenth century had come forward as first-class maritime and mercantile powers. And in 1703, indeed, Portugal became, as far as Brazil was concerned, practically dependent upon England.

**116. The Methuen Treaty and its Results.**—This was owing to the famous Methuen Treaty of that year, by which England agreed to exclude French wines from her markets by almost prohibitive duties, and to take Portuguese ; while Portugal was to grant a free market to English woollen and other manufactures. This treaty has been

<sup>1</sup> Mexico became independent in 1822, Peru in 1824, Chili in 1826, Columbia in 1820, Ecuador 1830, Venezuela 1831, Bolivia 1825, Uruguay 1825, Argentine Republic 1810-60, Paraguay in 1814.



condemned as being based upon monopolist principles.<sup>1</sup> It gave England the trade with Brazil, but spoilt her trade with France in many commodities, besides increasing the dislike of our French neighbours to us. Portugal lost the trade with her own colony and gained only an access of wine trade with England. As the gold and diamond mines of Brazil were developed, and tobacco especially was more cultivated, all these commodities went chiefly to England in exchange for necessaries, such as clothing and other manufactures. Nor could Portugal supply her colonies with manufactures in competition with England. Her energies were devoted to wine, and in spite of various efforts little else was exported. Her foreign trade was in English and Dutch hands; Spain and France excluded her colonial products from their markets, and from all these causes her commerce sank lower and lower. In 1807, at the time of Napoleon's invasions, the royal family of Portugal emigrated to Brazil, and when they returned to Lisbon once more, the prince regent was proclaimed constitutional emperor of Brazil (1822), and the country became quite independent of Portugal. It has since grown and developed rapidly, largely by the aid of English capital, and in November 1889 declared itself a republic. Portugal's attempt to found for itself a colonial empire in the west was thus, as we have seen, practically unsuccessful throughout, though it had one of the richest countries in the world in which to start. But when the start was made (1640) Portugal was already too weak to succeed.

**117. The Dutch in the West.**—The next nation to come forward as a colonising power in the west was Holland. The Dutch began to direct their eyes to America in 1597, about a hundred years after its discovery. But, as we saw, Spain had got this hundred years' start of all other nations; and the Dutch dared not just then provoke her wrath. Still, they fitted out several expeditions in hopes of finding a North-West Passage to India, and on one of these voyages Hendrik Hudson, an agent of the Dutch East India Company, who thought to find a new way to their Indian colonies, discovered the river which bears his name and

<sup>1</sup> Though *politically* it had its advantages.

the region round about. This was claimed as the possession of the United Provinces. In 1610 some Amsterdam merchants fitted out one ship to traffic with the natives there; and as the voyage was prosperous the traffic was renewed, a station being established on Manhattan Island. In 1612 a fort was also built on the gold coast of Upper Guiana; and as commercial intercourse was thus begun both with North and South America, it was thought worth while to form a West Indian Company, in imitation of the East Indian one (1618). The company's little station on Manhattan Island grew into the colony of New Amsterdam (now New York). A great part of Guiana was also annexed, and several West Indian Islands were gained. The Dutch company also made war openly upon Spanish and Portuguese vessels, capturing between 1623 and 1638 no less than 545 of them valued at 90 million gulden. Curaçao was captured in 1634; Surinam taken from the English in 1667, and both these places received numerous colonists. Various possessions were also gained in Africa and in Brazil; but on the other hand New Amsterdam was lost in 1664, being taken by England. Yet in spite of its great possessions, the West Indian Company was financially most unsuccessful, and once again we must trace its want of success to a narrow spirit of monopoly that hampered its trade. By 1674 it had sunk so low that a new one had to be formed; but this did not succeed. At last the evils of the monopoly became so palpable that in 1734 the West Indian trade and possessions had to be thrown open to all Dutch traders alike on payment of a small (2 per cent) duty. The colonists were allowed to manage their own affairs, and in 1790 the company was extinguished. Thus it will be seen that Holland's attempt to found a colonial empire in the west was only very partially successful, and had never the brilliancy and magnitude of that in the east.

**118. The English in America.**—Upon the whole, then, we shall find that the settlements in America made by the English were the most solid and permanent of all the colonies of European nations in the western hemisphere. They were by no means the first. Here, as in India, Eng-

land was almost the last to enter upon a colonial career. But in the reigns of the Stuarts, and especially in that of Charles II., rapid and remarkable progress was made. The great distinguishing feature of the English colonies was their population, for it was not only large for that time, but also almost exclusively European. This had not been the case in other colonies of European powers.

In the Spanish settlements the Spaniards were either wholly or partially lost among masses of Indians and half-castes. It was the same with the Portuguese, where their colonies were more than trading stations. Holland was too small in any case to supply a large colonial population, and so its possessions were in reality little more than factories for its merchants. The French colonies never had a large French population, though the French settlers readily amalgamated with the natives and a considerable half-caste population grew up. But the development of French colonies was and has been always hampered by the attempts of France to win a commanding position in Europe, which severely taxed her resources. Nevertheless for a time France was a formidable rival to England in North America, just as she was in India, and the history of the colonies of these two countries is inextricably bound up one with the other.

**119. First English Voyages to America.**—The English in the time of Elizabeth had long been impressed with the magnificent power of Spain in the New World, but for many years did not feel strong enough to emulate it. When they did so, it was to North America that they directed their efforts, in order to avoid coming into collision with the Spaniards. They had also the hope of finding a North-West Passage to India, a hope which led to the three expeditions of Captain Frobisher, who also believed that he would find large quantities of gold there. He returned with cargoes of stones, thinking they contained ore worth £60 or £80 a ton, but upon assaying the stuff it was found not to contain more than two small particles of silver in two tons' weight. But while Frobisher was engaged in his third expedition Francis Drake succeeded in circum-

navigating the world in the three years 1577-80, and brought back a large quantity of bullion captured from the Spaniards. Eleven years afterwards Cavendish did the same, and these two expeditions gave the English a reputation for enterprise and skill in navigation which they had previously by no means deserved. After Drake's famous voyage came the unsuccessful expedition of Sir Humphrey Gilbert in 1582-83, which ended in his death and his failure to plant a colony in Newfoundland—where the fisheries, by the way, were becoming already very important. Then in 1584 Sir Walter Raleigh gained a charter from Queen Elizabeth allowing him to take into possession any country not actually belonging to any Christian prince, and to seize all ships that should come without leave into his harbours, except those engaged in the Newfoundland fisheries. Raleigh sent two ships to the coast north of Florida, and these brought back such a glowing report of the colony that the Queen gave it the name of Virginia, in her own honour. In 1585 Sir Richard Grenville, famous to all Englishmen by the ballad of *The Revenge*, established a colony of 180 persons, under Raleigh's directions, in the island of Roanoke. But this failed, and the colonists were only saved from death by starvation or at the hands of the natives by the timely arrival of Drake, who took them back home. Tobacco was first introduced into England at this time.

**120. The English Colonies.**—Another attempt failed in 1587 because the colonists set out without sufficient necessaries. But the spirit of adventure was now aroused, and it was sustained by the publications of Hakluyt, prebendary of Westminster; and in 1606 James I. granted charters to two companies for colonising America. The London Company was to colonise South Virginia, and the Plymouth Company North Virginia. These colonists founded James Town, and after many hardships from scarcity of necessaries and fights with the Indians, finally became firmly established. The cultivation of tobacco was introduced in 1616, and became a source of great wealth to the new colony. But the London Company's charter

was taken away in 1624 and the government of the colony fell into the hands of the crown. Royalist governors managed its affairs, and, owing to the freedom they were wise enough to allow, it flourished greatly. At the beginning of the Civil War in England the population was 20,000, and all of these were of English blood.

The colonisation of the northern states was undertaken by settlers without any royal charter, nor were they any the worse off on that account. As all know, the "Pilgrim Fathers" colonised New England, at Plymouth first, in 1620. Ten years later came the colonisation of Massachusetts (1630), at Charles Town first, under a royal charter. New Hampshire was settled in 1631. Then Connecticut was colonised in 1636 by settlers from Plymouth and Massachusetts. Providence was founded in 1637, Rhode Island about the same time; and both were united in 1644, while in 1685 the numbers of the settlers were increased by an accession of French Huguenots. When Maine was first colonised is not accurately known. The other colonies were occupied as follows: Maryland in 1634, North and South Carolina in 1663, New York, New Jersey, and Delaware (taken from the Dutch) in 1664, Pennsylvania in 1683, Georgia last of all in 1733.

### 121. Colonial Trade. The West Indian Colonies.—

These colonies grew with great rapidity, considering all the difficulties with which they had to deal; for the population numbered already 200,000 in 1688, rose to 375,750 in 1714 at the accession of George I., and to 1,300,000 by 1756. They exported tobacco, rice, grain, hides, skins, furs, and fish to England, but their trade was restricted to dealings with the mother country, which, unfortunately, looked upon her colonies solely as means for her own enrichment, and adopted the theories of the sole market and monopoly system with fatal rigour towards them. This mistake led to the War of Independence, the cause of which we shall discuss in the next chapter. Meanwhile a Greater Britain was growing up in the west, nor was it confined only to America. It was extended, chiefly under Cromwell's *régime*, to the West Indies, where, be it noted, our maritime



ascendency, so conspicuous under the Commonwealth, first made itself most clearly felt. Barbadoes had been colonised, under a charter from James I. in 1625, and prospered greatly in the cultivation of indigo, cotton, tobacco, and sugar. St. Christopher, Nevis, and Montserrat also became, between 1623 and 1632, English possessions. Then came a grand attack upon the power of Spain by Cromwell, who boldly sent out a squadron which seized Jamaica in 1655, and thus the English gained a permanent foothold in the West Indies, which they were afterwards enabled considerably to increase. But the growth of our colonial power led to a maritime duel with the Dutch in the time of Cromwell and Charles II., which only ended in 1674, and led to the decline of Holland, though it gave to us our present maritime supremacy. We must speak of it more fully elsewhere (§ 129).

**122. French Colonies in America.**—Meanwhile, besides a Greater Britain there had been growing up in America a Greater France, that was to cause us a great deal of trouble and anxiety. The development of colonial ambition in France was largely due to the policy of the great statesman and financier Colbert, the minister of Louis XIV. in the middle of the seventeenth century. The French explorer whose name is chiefly connected with the American discovery was Jacques Cartier, of St. Malo, who led an expedition to Newfoundland in 1535, before either Frobisher or Drake; while Norman and Breton fishermen had frequented the Newfoundland fisheries almost ever since Cabot's discovery of the island in 1496. Settlements were made there by the French; as also in "Acadie," now Nova Scotia, which was granted in 1602 by Henri IV. to a Huguenot nobleman who led a colony to that region. Acadie was subject to continual quarrels between the French and English, who both claimed it. It was finally colonised by the English in 1749, and in 1755 they turned out the French who remained there in a somewhat arbitrary manner.

Other French possessions were New Brunswick, colonised in 1672; and Cape Breton Island, settled in 1714. But the most important French colony was Canada, settled in







1608, from which French explorers went up to the Great Lakes, discovered the sources of the Mississippi, and traced that great river right down to the sea (1682). The land along the river they called Louisiana, in honour of their King Louis XIV., and claimed it, according to the custom of all ages, as their own. They were before the English also in Hudson Bay Territory. But the development of the Greater France was neglected in order to aggrandise the mother country in Europe. Colbert was the only minister who really tried with a set purpose to make France a great commercial as well as a military power. The consequence of this neglect was that at a time (1757) when the English in America numbered over one million, the French numbered only 60,000. These latter were, however, stronger from a military point of view, and had a very advantageous position. A good deal of fighting went on between the colonists of both countries when their respective kings William III. and Louis XIV. were at war in Europe; and on the whole the English got rather the best of it, for by the Treaty of Utrecht in 1713 England gained Newfoundland, Hudson's Bay Territory, Nova Scotia, and New Brunswick. But this settlement was very unsatisfactory, since the colonies thus given up were said to be yielded "according to their ancient boundaries," which formed a fruitful source of dispute.

**123. The Struggle between the French and English.**  
—But the great struggle between Greater Britain and Greater France in America came just before and during the Seven Years' War (1754 and 1756-63). The position was this. The English had now thirteen flourishing colonies in the region between the Alleghany Mountains and the sea. Their land stretched from the river Kennebec almost to the Gulf of Mexico. All land west of the Alleghany Mountains was claimed by the French (since 1749), and the latter thought it would be a good plan to build a line of forts between Canada and Louisiana in order to keep the English in their narrow strip of coast land, and prevent them from spreading farther westwards. Unfortunately an English company had recently been formed

to colonise a territory on the banks of the Ohio, where the French had just built Fort Duquesne (1754). A young man named George Washington, then unknown to fame, tried, with a body of 150 Virginians, to drive the French out, but failed. Meanwhile Montcalm, the French governor of Canada, conceived the brilliant idea of linking together the three chief French forts—Duquesne, Niagara, and Ticonderoga—by a chain of lesser forts, which would of course immensely strengthen his frontier. Then the English government at home, seeing things were becoming serious, took up the matter, and sent out 2000 men under General Braddock to help the colonists in their struggle against the French. Braddock was defeated and killed (1755); but when the Seven Years' War broke out in Europe in the next year, Pitt, who was then in office, though never prime minister, again sent ammunition, men, and money to assist the attack of the English settlers upon Quebec and Montreal, the chief French towns in Canada. The colonial war was renewed with fresh vigour; Fort Duquesne, an important post, was captured in 1758, and Quebec in 1759. It was at the battle of the Heights of Abraham, which decided the fate of Quebec, that both Wolfe, the English general, and Montcalm, the French governor, received their death-wounds. Montreal fell to the English in 1760, and when peace was made in Europe in 1763 by the Treaty of Paris, England had gained all the French possessions in North America except Louisiana, and her colonies were enabled to extend as far as they either wished or were able. But we unfortunately lost them very shortly afterwards, owing to that fatal colonial policy which had already ruined the power of other European nations—the unwise desire for a sole market. But of England's commerce and commercial policy we must treat in the next chapter.

## CHAPTER III

### THE GROWTH OF ENGLISH COMMERCE FROM 1500-1776

**124. Economic Changes in the Sixteenth Century.**—In a previous chapter we traced the commerce of England up to the reign of Henry VII. (§ 92), and left it steadily progressing. But we find that the beginning of the sixteenth century marks a period of revolution in English life. Not only did we have revolution in religion, in letters, and in thought, but in economic matters also. There comes a period of economic revolution both in the country itself and in its foreign trade. The one of course was connected with the other. We have not here space to refer particularly to the economic events of Henry VIII.'s reign, but we may just mention them briefly. The most important of them was the suppression of the monasteries (in 1536 and 1539) by Henry in order to raise money for his own expenditure. Now the monasteries possessed a very large proportion of the agricultural land of the country,—it is said that they held as much as one-fifth or even one-third of the whole. Be that as it may, the fact that so much land went out of their hands into those of the favourite nobles of Henry's court had a very great influence upon agricultural industry. The new proprietors did not care for the old system of farming under which the tenants of the monks worked their lands. They wished to get all the money they could in the quickest way possible; and the quickest way to get it at that time seemed to be by sheep-farming. Consequently they turned a great quantity of land into sheep-farms, and grew wool in large quantities. Moreover, they

got a high price for this wool; not only because the flourishing Flemish weavers wanted all the wool they could find, in order to manufacture it, but also because prices had been raised by another important economic event, *i.e.* the discovery of silver in the Spanish possessions in America (§ 112). The abundance of precious metals always sends prices up, and so from about 1540 to 1600 the rise was very marked. The growth of sheep-farming and the high price of wool gave a stimulus to English industry that was seen in a more enterprising spirit on the part of our merchants, who now began to launch out more boldly into foreign commerce.

#### **125. Progress of Commerce since the Middle Ages.—**

Now let us for a moment take a glance at English commerce in the Middle Ages. As we have seen, it was by no means large in proportion to that of the Dutch, or of the Hansa. Nevertheless it was becoming more and more widely spread in the west of Europe, with France, Spain, the lands along the Baltic, and especially with the Low Countries. Our chief exports were wool, agricultural produce, and the important minerals tin and lead, these metals coming chiefly, though not exclusively, from Cornwall and Derbyshire. Our iron, however, was not yet much mined, and we imported much from Spain. Our other imports were: wines from Gascony and other parts of France, velvets, linens, and all fine cloths from Ghent, Liège, Bruges, and other Flemish manufacturing towns; pitch, timber, furs, amber, wax, and fish from the Baltic lands; glass, velvet, silk, and eastern produce from Italy. We must remember, too, that most of this import and export trade was carried on by foreigners. The Hansa merchants, as we saw (§§ 61 and 90), monopolised a great part of it, and a good trade was also done every year by the Venetian fleet, a numerous company of vessels which came annually to the south coast of England with large cargoes of foreign goods, and stayed for some time at Southampton, Rye, Winchelsea, and other ports, doing trade with English merchants who came to meet them there instead of going to sea for themselves. But it is a noticeable sign of the



independent growth of English trade in the sixteenth century that the Venetian fleet came to our shores for the last time in 1587, while the once mighty Hansa had the charter of its station in London finally abolished in 1597 by Queen Elizabeth. Moreover, in the same century occurred the invasion of the Netherlands by the Spanish, who twice sacked Antwerp—once in 1567, and again in 1585. Antwerp had previously been the great commercial emporium of western Europe, to which came ships from every country then known; and it had quite eclipsed London as a commercial centre. But now Antwerp's ruin became London's gain, and our capital gradually took its place as the great commercial capital and port of the west. We have previously mentioned also (§ 119) how the voyages of the great seamen of Elizabeth's reign—Drake, Frobisher, Raleigh, and Cavendish—roused the spirit of enterprise in English sailors and merchants, while their attacks upon Spain led to our breaking up the Spanish monopoly of the New World, and to our forming there a colonial empire for ourselves.

**126. Trading Companies: The Levant Company.**—The growth of English commerce is marked in this period, more than anything else, by the formation of numerous trading companies. The largest and the most famous of these, the East India Company (1600), we have already mentioned; but there were many others which at first were just as important, though we never gained an empire by their means. We have also already referred to the far more ancient companies of the Merchant Adventurers and the Merchants of the Staple (§ 91). We must now briefly mention the Levant or Turkey Company, which was a very flourishing society. In 1581 a number of prominent merchants were incorporated into a company for trading with Turkey, to which country their charter declared that they had “at their own great costs and charges, found out and opened a trade not heretofore in the memory of any man now living known to be commonly used and frequented by way of merchandise.” This company even tried to get up an overland trade to India *via* Syria, Bagdad, the Tigris,

and the Persian Gulf, in order to compete with the Portuguese ; but this attempt failed. In 1605 they seem to have been reconstituted, under a new charter of James I., as "The Merchants of England trading to the Levant Seas," and the company existed till the middle of the present century. An English minister or representative was appointed "to reside within the dominions of the Grand Seignior," *i.e.* the sultan, and he had authority to appoint consuls in various eastern towns to superintend our trade. For some time after this our trade with Turkey was very flourishing. Our exports were chiefly woollen manufactures, broad-cloth, watches, and tin, while our imports in return principally consisted of silk, cotton, mohair, drugs, currants, and jewels. In a treatise published in 1621 it is said that, of all European countries, England carried on the most profitable trade with Turkey ; and the extent of the trade is confirmed by Roberts, who wrote a book called *The Merchant's Map of Commerce* in 1638.

**127. Other Companies and their Commerce.**—This author, Roberts, also mentions some other very important companies. "The Ancient Company of Merchant Adventurers" appears again ; and we hear of the Eastland (*i.e.* Baltic) Company, the Muscovy (*i.e.* Russian) Company, and the French Company ; also we hear of the merchants trading with Italy, Spain, and Portugal, who appear not to have been incorporated into a company. The account of the trade of these, added to that of the East Indian and Levant Companies will give a very good idea of our foreign commerce at this time. They are here given in the form of a table.

Company.	Trading with	Exports.	Imports.
1. Merchant Adventurers.	Hamburg, Rotterdam, and the Netherlands.	English cloth and wool.	Tapestries, fine linens, cambric, hops, madder, Rhine wines, lawn, soap, wire, and manufactures.

Company.	Trading with	Exports.	Imports.
2. Eastland. 3. Muscovy.	Lands along the Baltic. Russia.	{ Cloth, tin, lead, spices from India, and eastern products brought first to England.	Copper, timber, furs, rye, wheat, iron, quicksilver, flax, hemp, steel, hides, tar, cordage, tallow, pitch, madder, fish, wax, honey.
4. French.	France.	Cloths (kerseys, bays); and galls, raw silk, and cotton brought first from Turkey.  N. B. Commerce with France comparatively small owing to continual war between the two nations.	Buckram, canvas, glass, linen, salt, wine, oil, almonds, and silk manufactures.
5. East India.	India, Persia, Arabia.	Cloths, metals, stores.	Spices (of all kinds), rice, cotton, calico, perfumes, precious stones, indigo, silk (raw and manufactured), sandalwood, and other woods.
6. Levant.	Turkey, Syria, and Asia Minor.	Cloths, metals, etc.	Cotton, mohair, drugs, currants, and coffee.
7. Merchants not in a Company.	Spain.	Cloth (bays, says, serges), lead, tin, herrings, and other European fish, and Newfoundland fish.	Wines, resin, oil, sugar, soap, liquorice, and colonial produce.
8. Merchants not in a Company.	Italy (i.e. Naples, Sicily, Leghorn, and Venice).	Cloths (bays, says, serges), lead, tin, Indian produce (spices, etc.)	Cloths of gold and silver, satins, velvets, taffetas, plush, oil, Venetian glass, gold and silver work, raw silk.

**128. Notable Features of our Trade.**—This table is no doubt not very exact, but it shows one or two main facts of English trade very clearly. It shows first that England had already progressed considerably since the time when in the Middle Ages she exported chiefly raw wool and had to import her manufactures. Now—that is, in the seventeenth century—she had risen to the position of a manufacturing nation, and exported her manufactures of cloth in very large quantities. In fact it is the first of her exports to every country above mentioned. It will also be noted, in the second place, that her colonial trade was becoming more important, and that she was beginning to compete successfully with the Dutch and Portuguese. For instance, we see her now importing the products of India and Turkey, or the fish of Newfoundland and re-exporting these to France, Russia, Prussia (Eastland), Spain, and Italy. These two facts, then, the growth of our manufactures and the development of colonial, or at least distant, foreign trade, are the two main features of the period under discussion.

It is worthy of note, also, that our trade in woollens with the Netherlands continued in a very prosperous condition during all the period of the Commonwealth. The Merchant Adventurers' Company, however, moved their chief depot from Bruges to Delft, then to Dort, and in 1651 finally to Hamburg, which became then the only "staple" for English woollen goods. During the Commonwealth also, the sugar industry in the West Indies (Barbadoes, Bermuda, etc.) began to flourish, so much so that in *Trade Revived*, a pamphlet of 1659, the fortunes made thereby are mentioned as being "equal to those of noblemen." But the carrying trade between the West Indies and England was still largely in the hands of the Dutch, and the English Government made an effort to remedy this state of things in a manner which demands our special notice.

**129. The Navigation Acts and their Results.**—This effort is known as the Navigation Acts of 1651. These Acts declared that no merchandise either of Asia, Africa,

or America, except such as should be imported directly from its place of growth or manufacture in Europe, should be imported into England, Ireland, or our colonies in any but English-built ships. The ships must, moreover, belong to English subjects, be navigated by English commanders, and have at least three-fourths of the crew Englishmen. No European goods or manufactures were to be imported except in British ships, or ships of the nation who produced these products or manufactures. These laws continued in force till the nineteenth century (1825). Of their effects it is not easy to judge. It is often claimed for them that they ruined the carrying trade of the Dutch, and immensely increased both the commercial and the maritime power of England. But this is doubtful. The commerce and the power of the Dutch certainly declined, and their maritime supremacy passed over to us. But the causes of this are to be found in the disastrous wars of Holland against France and Spain quite as much as, if not more than, in these Acts. And our own commercial power would probably have grown just as quickly without them. As it was, the contemporary evidence of the time goes to show that the Acts had by no means the stimulating influence on our trade that some authorities, including even Adam Smith, have ascribed to them. Roger Coke, in a *Treatise on Trade* (1671), declares they "have had a most injurious effect on our commerce," and in particular our Eastland and Baltic trade had declined very considerably since their enactment. Even Sir Josiah Child, the eminent mercantile authority, said the same thing about the Eastland trade in 1691, though he approved of the Acts as a whole. At any rate, it is very certain that they were the main cause of the Dutch wars with England in 1651-53 during the Commonwealth, and in the reign of Charles II.; and whether the expense of these wars was worth our ultimate gain from them may very well be questioned.

**130. The Protectionist Policy of England.**—However that may be, the Navigation Acts were a bold declaration of what afterwards became England's avowed commercial policy, the motto of which was : protection against foreign

competition. Upon the restoration of the Stuarts, the Acts of 1651 were re-enacted without much alteration (by 12 Car. II. c. 18) in 1672; and in 1678 a most extraordinary Act was passed, utterly forbidding any trade with France, because it was imagined that the balance of trade resulted in a loss to us. This Act was repealed under James II., but was renewed by William III. in 1688. In fact, the Revolution was the signal for a fresh fit of protection. All articles that could be manufactured in England were protected by an almost prohibitive duty. Even Indian silk fabrics and (later) cotton cloths were heavily taxed. On the other hand, however, the duties on the importation of foreign raw materials were taken off. But the export from England of raw products that could be manufactured by us was forbidden—such as wool, hides, undyed and undressed cloth, pottery, clay, and so forth—while, in order to encourage English agriculture, one of the first Acts of William III. (in 1688) prohibited any imports of foreign corn at all, till its price was almost at famine height, but encouraged the export of home-grown wheat by paying our farmers a bounty of 5s. a quarter. It was not till 1773 that the bounty was partly repealed; it was fully repealed in 1815; and the duties on import of wheat were taken off by the famous Corn Law Repeal Act of 1846. It is claimed that these corn laws were beneficial to agriculture, but even this has been denied by competent authorities, and in one respect at least they were a failure; for England never became a corn-exporting country to any great extent. Thus it will be seen that in every detail our commercial policy was one of the most rigorous protection: a system which was also applied to our colonies in America, and which caused us to lose them at last. We shall speak of the immediate causes of this loss in a following section, but must first pause for a moment to consider the condition of our trade in the seventeenth and eighteenth centuries.

**131. Growth of our Home Manufactures.**—In spite of protection our home and foreign commerce was steadily progressing. Our manufactures were growing more and more, and this of course helped, if it was not one of



the chief causes of, our foreign trade. Our competitors, the Netherlands, were severely crippled by the Spanish persecutions at the time when Elizabeth was our Queen. But England did not benefit merely by the cessation of their competition; she received at the same time hundreds of Flemish immigrants, whose skill and capital greatly aided our home manufactures. Germany also, another competitor, was soon after utterly ruined and exhausted for a long period by the terrible Thirty Years' War (1619-1648); and with Germany and the Netherlands laid low, English manufacturers had little now to fear. And, at this very juncture the king of France, Louis XIV., did England a service, and caused his own country a loss, by driving out of his kingdom the pick of his manufacturers and artisans. These were the Huguenots or French Protestants, who were expelled from France in 1685 by the revocation of the Edict of Nantes. Thousands of them, the *élite* of the industrial population, came over to England. It is said that the immigrants to our shores numbered 50,000, with a capital among them of some £3,000,000. They greatly improved, indeed practically revived, the silk, glass, and paper trades, besides exercising a beneficial influence on our manufactures in general.

**132. Our Exports and Imports. Evidence of Sir Josiah Child.**—With all these favourable influences it is therefore not surprising that the figures of our commerce show a steady progress. If, for instance, we look at them at the beginning of the seventeenth century, we find that in 1613 our exports and imports came to £4,628,586; in 1622 to £4,939,751. Fifty years later (1663) they were £6,038,831. In these figures the exports represent an amount of some £2,000,000, but by the end of the century (1699) they had risen to over £6,000,000, and in 1714 to over £8,000,000. And it is a very important fact that in 1699 our woollen manufactures composed considerably over one-third, nearly one-half, of these exports. At the beginning of George III.'s reign (1761) our total exports were over £16,000,000,

our imports over £10,000,000 a year. Sir Josiah Child, writing in 1668, says the general commerce of the country was never so extensive or so profitable, although a good deal of it had taken a different direction. We did more trade at the end of the seventeenth century, he says, with Turkey, Italy, Spain, and Portugal, and the East Indies, while the Russian, Baltic, and French trades were declining. Now, too, our colonial trade was developing, more especially with the sugar-growing islands of the West Indies; but all of it was hampered by our unfortunate colonial policy.

### 133. The Bank of England and the National Debt.—

The close of the seventeenth century is, however, chiefly remarkable for the establishment of two great national institutions—the Bank of England and the National Debt—the necessity for which was a sure sign of the development of the resources of the country. The Bank of England was founded in 1694, owing to the exertions of William Paterson, a Scotch financier. The principal object which he had in view, in addition to the general convenience it would afford to the mercantile community, appears to have been the support of public credit and the relief of the Government from the ruinous methods in which the raising of the supplies and other financial matters had been conducted. The goldsmiths, for instance, had acted as Government financiers on several occasions; and had advanced Charles II. no less than £1,300,000, at 8 to 10 per cent interest, upon the security of the taxes. As is well known, Charles refused (1672) to pay them, saying they must be content with the interest, and closed the exchequer, thus causing widespread commercial panic and disaster. Paterson offered to provide the Government with £1,200,000, which should be repaid by taxation on beer and other liquors, and by rates on shipping. The people who subscribed this money were incorporated into a company, having a governor, deputy-governor, and twenty-four directors. The company was to receive 8 per cent on the money advanced, and also £4000 a year for management. The Government was substantially benefited by the loan,

and the bank soon after added to its services by assisting in the recoinage of the debased and worn-out silver money of the country in 1696. This new system of contracting loans upon the security of the supplies, thus for the first time introduced, is what we mean by the National Debt. Further loans were contracted from time to time, and owing to the frequency of foreign wars and other causes, the debt grew continually. It amounted to over £16,000,000 by the end of William III.'s reign, and was increased by £37,000,000 *more* under Anne owing to our wars with Spain, till at the accession of George I. it amounted to £54,145,363. Practically it is a system by which the expenses incurred by one generation are paid off by another. It was rendered necessary by the undesirability, not to say impossibility, of imposing fresh taxes after the Revolution of 1688, while at the same time that revolution led us into a war with France that had in some way to be paid for.

**134. Our Commercial Wars. The South Sea Scheme.**—This war with France, and those with Spain which followed it, were the inevitable result of our national growth. They were chiefly commercial wars, carried on in order that England might gain and keep a colonial empire and the supremacy of the seas; though of course they had, at first at least, one great political object—namely the annihilation of the hopes of the Stuarts for the English crown. Those hopes were not finally crushed till the Jacobite disaster of 1745, and it cost us a great deal to crush them. But it cost us still more to win and maintain the commercial supremacy which the growth of our home manufactures and foreign trade, previously mentioned, made it inevitable for us to claim. So that it should always be remembered, to gain an understanding of the wars of the seventeenth and eighteenth centuries, that the key to their comprehension lies in this fact. Indeed our foreign history from 1688 to 1815 is little more than the record of a long duel between England and her rival France (generally at first aided also by Spain) for the possession of the colonial and maritime supremacy of the world. Only the rapid development of

our agriculture and manufactures enabled us to meet the expenses of this long conflict.<sup>1</sup>

Nevertheless during all these wars English trade had been expanding steadily. English merchants now did business all along the Mediterranean coasts, in the Baltic lands, and in fact with nearly every country in Europe. They went to the east to India, Arabia, and Africa; in the west they traded with both North and South America. The expansion was felt most clearly in the rapid formation of new companies, far too numerous to mention here. Of these new companies the most famous was the South Sea Company, formed in 1711 to trade with South America. The directors anticipated enormous profits, and practically offered to advance to the Government £7,500,000 where-with to pay off part of the National Debt. The Government was to hand over that part of the debt which consisted in annuities (about £32,000,000) to the company for payment to annuitants, and was to pay the company 5 per cent till 1727, and after that 4 per cent, till capital and interest should be redeemed. Thus the capital of the South Sea Company would be increased by thirty-two millions, advanced to Government at the rate of 5 per cent; while the Government paid a lower percentage instead of the 7 or 8 per cent it had been paying to its annuitants. This scheme involved two conditions. first, that debtors would accept the company's shares instead of their Government

<sup>1</sup> These expenses are as follows :—

Date.	War.	Cost.
1688-97	William III. against France and James II.	£32,643,764
1702-13	Spanish Succession . . . . .	50,684,956
1718-21	Short Spanish war . . . . .	4,547,324
1739-48	"War of Jenkins's Ear" (with Spain), and War of Austrian Succession	} 43,655,192
1756-63	Seven Years' War (with France and Spain)	
1776-85	American Independence (involving war with France)	97,599,496
1793-1815	Great Continental War (with France)	831,446,449

annuities, and secondly, since this exchange would bring to the company no ready money, that a large number of new shareholders should be found who would pay ready money for their shares. Ready money was needed to pay the heavy premium of £7,500,000 which the company offered the Government in return for this assistance of Government security and credit, and also to pay off annuitants who did not wish to exchange Government stock for the company's shares. Now, everything depended upon the popularity of the South Sea shares, which it was hoped the public would buy. The public did buy; in fact, as all know, a perfect mania set in for taking up shares, not only in the South Sea Company, but in any other scheme that was floated. Hundreds of rotten companies were started, speculation rose to an enormous height; then a natural reaction set in, the reaction became a panic, and stocks fell suddenly. This sudden fall brought ruin to many thousands of credulous shareholders; and the collapse of the South Sea Company (1721) necessitated the interference of Government in order to restore public confidence. This was the occasion when Walpole, by his skilful finance, came to the front, and for twenty years afterwards he guided the fortunes of England, adopting a policy of peace, making wise financial reforms, and encouraging foreign and colonial trade. But he was forced into a war with Spain in 1739, and resigned in 1742. The war with Spain was undertaken for purely commercial reasons, since it was known that the French and Spanish kings had entered into a compact to hinder English trade wherever possible. But another war, that cost us our first colonial empire, we brought gratuitously upon ourselves, by our selfish colonial policy, the unfortunate conflict of the War of American Independence. To understand its origin we must look for a moment at the system we pursued with our possessions in the New World.

**135. Our Colonial Policy with America.**—The light in which English statesmen of that period regarded our colonies was that they owed their existence and their prosperity to the mother country, and that, owing everything to her, it was only fair that they should be exploited



in her interests. With this object all imports to our colonies from any other country of Europe except England were forbidden, in order that our manufactures might monopolise the American market. In fact it was an attempt to gain a sole market for English merchants at the expense of the colonists. While the colonies were yet young, no such attempt had been made, for in 1620, for instance, Virginian and other traders had tobacco warehouses of their own in Middelburg and Flushing, and all were allowed to trade freely with European states. But when the colonists had increased in wealth and numbers they were thought to be the lawful prey of commercial exploitation. At first in 1650 an Act confined the export and import trade of the colonies to British or colonial ships. Then in 1660 (12 Car. II. c. 18) was passed a special navigation Act by which it was enacted that certain articles, in fact the chief colonial products (since called the *enumerated* articles), could not be exported direct from the colonies to foreign countries without being first brought to England and there unladen, and then re-shipped by English merchants. The enumerated articles were: sugar, molasses, ginger, fustic, tobacco, cotton, indigo, coffee, corn, iron, skins, lumber. These products, by the way, give us an idea of the nature of the American and West Indian trade of that time.

But not only were colonists thus compelled to sell their goods only in, or through the medium of, the English markets; they were also compelled to buy what foreign manufactures and commodities they needed exclusively from England. This was forced upon them by an Act of 1663, which allowed no foreign commodity to be sent to our colonies unless it was actually laden and put on board in an English port and sent in an English ship. Even home manufactures in the colonies were discouraged, and Lord Chatham put the facts of the case most clearly and concisely when he announced in a speech in Parliament: "The British colonists of North America had no right to manufacture even a nail for a horse-shoe." Lord Sheffield, a politician of the day, summed up the whole insane policy of England in the remarkable words; "The *only* use of Ameri-



can colonies or West Indian Islands is the monopoly of their consumption and the carriage of their produce."

**136. The Causes of our War with the American Colonies.**—Thus then the colonists were monopolised and exploited for the benefit of the mother country. At times they made attempts to start home industries, but these were promptly suppressed. Woollen manufactures were forbidden in 1719, iron manufactures in 1750; even colonial hatters were not allowed to send hats from one colony to another. Nevertheless the American colonists evaded the regulations which forbade them to trade with any country but England; and they succeeded in doing, for instance, a fairly considerable trade with the French and Spanish settlements.<sup>1</sup> But in the reign of George III., Grenville, a Whig minister, was foolish enough to try to stop this. Moreover, he sought to raise money wherewith to pay for the American portion of the Seven Years' War (§ 123) by taxing the colonists upon the stamps on legal papers. This was done by the Stamp Act of 1765. The chief result of these measures was to irritate the colonists to such an extent that they resolved to have as little to do with the mother country in commerce as possible. They formed associations for buying only their own manufactures; and, as a matter of fact, so powerful was the feeling of opposition, that it produced a considerable decline in the trade with England, a decline so serious that, upon a petition of the principal English manufacturers themselves, the Act was repealed (1766). The feelings of the colonists were soothed for a time, but the very next year, upon a change of ministry, an Act was passed (chiefly owing to Charles Townshend) imposing duties on tea, glass, painters' colours, and pasteboard, on the ground that "it was expedient that a revenue should be raised in His Majesty's dominions in America." But it was found utterly impracticable to collect these new duties, and

<sup>1</sup> This trade, almost entirely contraband, consisted in supplying these settlements with cloths, utensils, manufactures, and provisions, which (like the English colonies) they were supposed to obtain only from their mother countries, but which these mother countries could not supply properly or in sufficient quantity.

in 1770 the Act was repealed, except in so far as regarded the duty on tea. The colonists refused to buy tea; the East India Company, who found this caused a decrease in their trade, tried to force some of this commodity into America, and matters came to a crisis on the celebrated occasion when the citizens of Boston emptied a ship-load of it into their harbour (1773). Lord North, the chief minister of George III. at that time, tried to punish the Bostonians by declaring their port closed and by annulling the charter of Massachusetts, their colony.

**137. The Loss of our American Possessions.**—Of course war was now imminent. In 1775 all trade with the colonies was forbidden, and then followed that unfortunate and fatal conflict by which England lost her first colonial empire. We need not here go into the details of it. It is sufficient to remark that the point of policy involved was of the utmost importance; for though it was reasonable enough that the colonists should pay part of the expenses of a war which had been undertaken largely in their defence, it was yet distinctly unfair that these expenses should be defrayed by a system of taxation in which they had no voice, and which, moreover, was injurious to the interests of their commerce and industry. It is to the credit of that great statesman Pitt (now Earl of Chatham), that from the first he protested against taxation without representation, and when at last the war broke out he made heroic attempts to induce England to give full redress to her injured colonies. But his efforts were in vain. The great War of Independence went on; France eagerly seized the opportunity of assisting the Americans against the English; and England had to pay very heavily for her attempt to carry out the theory of the sole market. But even the United States have not been altogether the gainers by their severance from their mother country.

## CHAPTER IV

### EUROPEAN COMMERCE FROM 1500-1770

#### 138. The Netherlands ; their Commercial Prosperity.—

We have already seen in a previous chapter how, sooner or later after the discovery of America and of the sea route to the east, various European countries set themselves to gain a colonial empire in one or other of the two hemispheres. We now have to glance briefly at the commercial and economic condition of some of the chief European countries in their internal affairs. Some reference to the internal condition of Spain, Portugal, and other lands has already been made, and we may have to repeat in some cases what has been already once referred to. But we need not now refer more closely to the home affairs of Portugal and Spain ; we must be chiefly occupied in this chapter with countries like Holland, Germany, and France.

The condition of Holland, and of the Netherlands generally, becomes in this period most critical. We have seen in the Middle Ages (§ 78) that these countries formed the chief manufacturing districts of Europe, and that by their manufactures and industry they gained great wealth. Their fairs were frequented by merchants from all parts of the world ; and Flemish and Dutch traders also constantly visited the Mediterranean and Levant ports. Bruges and Antwerp in particular have been mentioned previously as the most important emporiums of mediæval commerce ; and Antwerp became still more important after the discoveries in the east and west. The manufacturing towns also were prospering : they were Ghent, Brussels, Yprès, Bruges,

Mechlin, and Haarlem, manufacturing cloth of all kinds, velvets, silks, linen, and lace. The Netherland merchants had depots in La Rochelle and other towns in France ; they imported large quantities of wool from Spain and England. Besides these woollen and linen manufactures, especially in Leyden, Rotterdam, and Amsterdam the shipping trade and herring fisheries were actively carried on in the North Netherlands, that is in Holland. From about 1550, Dutch ships visited regularly the Baltic provinces, and provided a large portion of western Europe with the products of these lands. They went south also to Spanish and Portuguese harbours (§ 98) and fetched thence the products of America and the east. Then came the Spanish persecution of the Netherlands, for the Netherlands had passed into the power of Spain when Charles V. combined the Spanish possessions with those of Austria, to which empire they had belonged since 1477, when the heiress of the dukedom of Burgundy married into the Austrian House. The persecution, directed against the Protestantism of Holland and Flanders, although it devastated and almost ruined the South Netherlands, roused a correspondingly greater activity in the north. For now the trade of Antwerp (§ 125) was transferred to Amsterdam ; the Dutch entered openly and boldly into competition with the Spanish and Portuguese in their foreign possessions (§ 100), and they succeeded, as we saw, in building up a very considerable colonial empire. Agriculture and cattle-rearing also flourished exceedingly in Holland at this time ; and this, with her foreign trade and fisheries, made the country very wealthy. In fact, at the beginning of the seventeenth century (1600) the Dutch had hardly any serious rivalry to contend with in commerce.

**139. The Decline of the Dutch Power.**—Their herring fisheries alone employed 60,000 people ; and now, too, they engaged in the whale fisheries, for which a special company, the Northern Company, was formed in 1614. The carrying trade was almost a Dutch monopoly, and so too was shipbuilding. Nearly every European country had ships built in Holland, and Zaandam in particular became

an important centre of this industry. But in the middle of the seventeenth century England, whose commercial power had been growing steadily, now came forward as a very serious rival to the Dutch. The Navigation Acts of 1651 and 1660 (§ 129) caused a serious decrease in the Dutch carrying trade, and led, as we know, to short but severe wars, in which England was eventually victorious. With the progress of other nations also, but especially of England and France, the commercial power of Holland declined; the Norwegians competed with them in the fisheries, the Germans in the trade with western and southern Europe. But yet, for its size, the country held a very respectable commercial position.

The South Netherlands, which had suffered most severely from Spain, and were afterwards the battle-ground of the French and their enemies, did not revive till the Peace of Rastadt in 1714, when they came under the dominion of Austria. Then agriculture, especially wheat-growing, and the cultivation of flax and hops, became their chief industry, and these products were largely exported. Gradually with the revival of agriculture came the revival of manufactures; linen and woollen cloth, carpets, leather, and metal wares were made and exported to European countries—chiefly to Germany, Italy, France, and Spain—and Brussels rose to the position of an important commercial and manufacturing town. But, except with the European countries just mentioned, no considerable foreign trade was done.

**140. German Commerce. Causes of its Decline.**—The history of Germany in this period closely resembles that of the Netherlands, and so we will now glance at it. Just as the Dutch and Flemish towns had been the great manufactories of mediæval Europe, so the towns of the great German Hansa had almost monopolised the export and import trade of the north (§§ 59, 66). But, as we saw, the Hansa began to decline. Its chief factory in Russia, Novgorod, was destroyed in 1570; and in Narva, to which the Hansa next turned, it found English and Dutch competition already active. Prussian towns gained a footing in the Baltic trade, and the English (§ 127) made their

competition felt here also. A series of quarrels with Sweden, in the middle of the sixteenth century, drove the Hansa merchants from Scandinavia ; and Elizabeth rescinded their charter in London (§ 125). It is noticeable, too, how the great discoveries in the east and west affected not only the Hansa but all German towns. For owing to these discoveries new commercial powers—Spain, Portugal, France, England, and Holland—arose, who were able to stand alone and no longer needed the Hansa merchants, who now found their old monopoly gone. In the same way the south German towns, which had flourished on the stream of commerce that flowed from the east through Venice, Genoa, and the Italian cities (§§ 69, 71) over the Alps and down the Rhine and through Germany generally, now found this stream dried up by the discovery of a route to the east by sea instead of overland. And so they too decayed ; and thus, both in north and south Germany, commerce and industry received a severe blow. Even the gold and silver of the New World did Germany harm by lessening the value and the prices of the metals for which its mountains had been formerly so famous. Nevertheless the manufacture of weapons and metal wares was still important, and so too was the linen trade. But, like Holland, Germany was to suffer from the devastations of war. The Peasants' War of 1525<sup>1</sup> caused disastrous ravages and destruction of industry ; continued conflicts and civil wars went on between the emperor, the independent princes and electors, and the large cities ; and the worst war of all, the Thirty Years' War of 1619-48, left the country utterly exhausted. This last war was one of religion, and was waged with all the bitterness that usually characterises religious disputes. By it merchants

<sup>1</sup> It is curious to note that the Peasants' War was very similar in origin to our own Peasants' Revolt of 1381. In both cases the land-owners and knights wished to exact undue services from their serfs. The English landowners did so because they were feeling the effects of the Great Plague ; the German knights found their gains from their taxation and plundering of German commerce decreasing as this commerce decreased after the discovery of the sea route to India ; and they endeavoured to recoup themselves at the expense of the unfortunate peasants.



and peasants alike were ruined ; population was reduced to one-third of its former numbers by famine and the pestilences which accompany it ; trade, industry, and capital were annihilated. The only cities that still survived the general ruin were Hamburg, Lübeck, and Bremen, and these had lost a large proportion of their former glory. Hamburg and Bremen had looked after their own interests more than those of the Hansa in general, and now, in its decline, entered into new branches of trade. They kept up an active commerce with western Europe on their own behalf, and provided the whole of North Germany with foreign and colonial products. Lübeck on the other hand annexed what remained of the Baltic trade.

**141. Partial Revival of German Industry.**—A revival of industry took place in Germany in the eighteenth century, but no great progress could be made, partly because of the continual wars of the period (such as the war of the Austrian Succession and the Seven Years' War), and partly because of the direction which the new industries took. They were chiefly articles of luxury purchased by the rich, such as glass, porcelain, silks, gloves, hats ; and for a long time the manufacturers had to be supported by Government aid. But one manufacture increased and progressed very satisfactorily, namely the spinning and weaving of linen. The woollen trade was also increasing in Saxony, the cotton trade in Vogtland, especially in the town of Chemnitz. Gradually two German metal wares, Nuremberg toys and watches from the Black Forest, became once more articles of export. Prussia was prominent in this revival of industry by its encouragement of foreign artisans and agriculturists. Agricultural produce and cattle-rearing increased also to such an extent that a large export trade grew up ; the most fertile districts being the middle and upper Rheinland, Franconia, the Black Forest, Mecklenburg, Holstein, and Oldenburg. Now, too, with the increase of commerce it became necessary to improve commercial facilities ; and so, in the second half of the eighteenth century, just as in England, canals and roads were made, while banks and trading companies also sprang up.

### 142. External and Internal Trade of Germany.—

Naturally the increased home industries and exports produced a larger import trade, which was encouraged by the luxury then prevalent at the German courts. The consumption of coffee, tea, rice, and tobacco largely increased. As before, Hamburg gained most of the distant foreign trade; Bremen chiefly imported grain and French wines; and Lübeck almost monopolised the Russian and Baltic trade. The import and export trade of South Germany went mostly through Holland and up and down the Rhine. This great river once more became an important highway of commerce; and the towns on its banks again began to flourish. Most of them had one staple trade; for instance, Cologne monopolised the trade in Rhenish wines, Mainz that in foreign and colonial products, Würzburg that in home products. Frankfurt-on-the-Main was the chief financial and commercial centre for North Germany and Holland, and it retained its ancient privilege of holding a fair; as also did Frankfurt-on-the-Oder, Leipzig, and Brunswick. In fact, after the Thirty Years' War, which ruined most of the numerous "fair towns," as they were called,<sup>1</sup> the cities just mentioned rose to a position of great commercial importance. Their trade was thus distributed:

Town.	Trading chiefly with	Special Industry or Commerce.
Leipzig.	Poland, Galicia, and South Germany.	Cotton, linen, and woollen manufactures; books.
Brunswick (Braunschweig).	Internal home trade. N. and W. Germany.	Cloth of all kinds.
Frankfurt-on-the-Main.	France.	French manufactures of all kinds, silk, also books.
Frankfurt-on-the-Oder.	Poland and north-east Germany.	Flax, timber, wheat, cattle, and agricultural produce.

<sup>1</sup> The principal "fair towns" before the war were Nuremberg, Augsburg, Bamberg, Munich, Prague, Bautzen, Mainz, Erfurt, Kassel, Breslau, Danzig, and Cologne (cf. § 77).

The bookselling and publishing trade of Frankfurt and Leipzig had become very important, and had caused the introduction of various industries connected with it, such as the manufacture of paper and leather for binding; and indirectly promoted also the industrial arts of engraving and wood-carving. Thus it will be seen that Germany by the middle of the eighteenth century had fairly recovered from the effects of the Thirty Years' War, though it took her fully a hundred years to do so. Meanwhile the towns of the Hansa and South German Confederation, with the few exceptions just named, had declined irretrievably. The wars between England and America, and then between England and France, aided, however, to encourage German agriculture, so that large quantities of corn were exported, and agriculture and industry flourished very fairly till Napoleon's Berlin Decree hampered European commerce. But of this we shall speak more fully later (§ 162).

**143. French Commerce and Industry ; Efforts towards Improvement.**—We have now to notice the commercial position of England's great rival, France. This country, in spite of her brilliant military successes, or rather because of them, did not take that prominent position among the commercial countries of Europe to which one would have thought she was entitled. For a long time France never became a great commercial country; with her continual wars it was impossible for her to become so. Indeed one wonders how it was that France could afford to pay for these military glories of hers, till we remember that they were paid for by the misery and oppression of her peasantry, that avenged itself in the terrible revolution of the last century. But France is an exceptionally fertile country, and even in her most distressful times there was generally some agricultural produce to export. Wine, fruit, and sea-salt, as well as a small amount of linen, were taken out of the country by foreign merchants who congregated at the great fairs of Troyes, Rheims, Beaucaire, and Lyons; but hardly any external trade was done by the French merchants themselves. For a long time her foreign trade in the north of Europe was in the hands of the Hansa mer-

chants, going through Antwerp; while the southern and eastern trade was carried on by the Italians who came by land over the Jura Mountains or by sea to and from French ports on the south coast. But this foreign trade was singularly small, the chief items being the import of fine cloths (silks, velvets, etc.) from Italy, which were largely paid for in cash, and the export of corn to Spain in return for the precious metals. Thus the gold and silver of Spain helped France to pay for her imports from Italy.

Very little was done by the French kings to encourage home industries, except by Francis I., who in 1517 tried to develop silk manufactures. He got Italian weavers to settle in the country, and encouraged the import of raw silk from Italy and the Levant by Italian merchants. About the same time, as we have previously mentioned, colonies were planted in North America (§ 122), but we have seen that these colonies never attained any great degree of development, though from their military strength they were able to give the English out there considerable trouble. The most profitable colonial trade at this time was not with their own French colonies, but with Brazil, whence dyes were obtained which were sold to the manufacturers in the Netherlands. But this trade decreased when the Dutch themselves, at the close of the sixteenth century, came forward as a maritime and colonial power. In fact France in the sixteenth century was too much torn by civil wars and internal religious dissensions for industry or colonial enterprise to succeed to any great extent. So serious, indeed, was the depression of agriculture and of the peasantry that King Henry IV. (1588-1610) and his famous minister Sully made vigorous efforts to improve it. The king himself chiefly directed his attention towards the manufacturing, and Sully towards the agricultural, industries; and both of them did the country great services by their reforms in finance, in the currency, and taxation. They also improved the means of communication by building better roads and bridges, and by making canals. But in the following reigns, those of Louis XIII. (1610-43) and Louis XIV. (1643-1715), little<sup>1</sup> was

<sup>1</sup> Except by Colbert, § 122 and § 144.

done for industry or commerce. On the contrary, they were hindered by a renewal of religious dissensions, and by the persecutions of the Huguenots, whom Louis XIV. finally drove from his kingdom in 1685 (§ 131), thus depriving France of the *élite* of her industrial population. The only industries that flourished to any great extent were the manufactures of silk, linen, glass, paper, ornaments, and gloves; and of agricultural products corn and wine were still exported. But most of the export and import trade was done in foreign ships. Foreigners monopolised even the trade of France with her own West Indian colonies; foreigners, chiefly Dutch, competed with her in the fisheries of Newfoundland and Nova Scotia.

**144. The Policy of Colbert.**—But now we come to another revival of French commerce brought about by the exertions of a great statesman. We have already (§ 122) referred to Colbert, one of the ministers of Louis XIV. This minister set himself energetically to improve the means of transit and communication in France itself; to encourage a colonial trade both in the East and West Indies and in America; and to promote a wider European trade between France and the north-east of Europe, the Levant, the Mediterranean coasts, and Africa. He tried to gain protection against English and Dutch competition by imposing heavy import duties upon the products of these nations; gave bounties on French exports; concluded commercial treaties, and founded trading companies, such as the French East India Company. But his efforts, though well meant, often did as much harm as good by the multitude of regulations which he imposed upon private industry; and with the best intentions in the world he failed to produce lastingly beneficial results. His artificial system of protection only caused a temporary improvement, and failed afterwards, as it was sure to fail. His most enduring work was the acquisition of naval and colonial power for France, a power which, as we saw, she subsequently lost (§§ 106 and 123). As a matter of fact, the internal condition of France under Louis XIV. was deplorable. The constant wars of that “glorious” monarch utterly impoverished

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agriculture, and it is doubtful if they could have been paid for without utterly ruining the country, if it had not been for the rich possessions which he acquired by conquest. For a war of conquest generally pays the expenses of the conquerors. The acquisition of rich industrial provinces like Flanders, Alsace, and Burgundy was of enormous value to France, and even produced an increase in her foreign trade.

**145. France from Louis XIV. to the Revolution.—**

At this time, in the reign of Louis XIV., France thus rose by conquest to the position of the first power in Europe. Thanks to her new territory her commerce increased. Her imports were chiefly cattle, corn, raw silk, wool, flax, yarn, iron, wood, and colonial products; her exports wines, spirits, manufactured silk and light cloths, and the produce of her colonies, especially coffee, sugar, tobacco, and spices. Three-quarters of this colonial produce came from the West Indies, especially sugar from the Antilles.

But all the time the internal financial condition of the country was rotten. On the accession of Louis XV. in 1715 the finances were placed in the hands of John Law, a Scotchman, who founded a Land Bank in 1716, and set on foot the celebrated Mississippi scheme. The Land Bank was to establish a paper currency to the amount of the value of all the lands in the kingdom, the security for which should be the land itself. This bank became the office for all public receipts, and there was annexed to it a Mississippi Company, which had grants of land in Louisiana, and was expected to realise enormous profits by planting and by commerce. In 1718 the bank was declared a royal bank, and the shares rose to twenty times their original value. The paper money was, however, inconvertible, and thus tended to become depreciated; while the Mississippi Company made hardly any profits at all. In 1720 Law was made comptroller-general of the finances, but the shares sank as rapidly as they had risen, as was the case with the South Sea bubble in England. Both Law's schemes were of the wildest character, and failed so utterly that in four years' time the country was bankrupt, national credit was



lost, and thousands of families ruined. For the rest of the eighteenth century French manufactures did not increase very considerably, France became less and less able to cope with the growing power of England, and the Seven Years' War (§ 123) finally settled the question of her rivalry. Meanwhile the peasantry, who had been oppressed for ages, and bore most of the financial burdens of the country, resolved to bear the yoke of their oppressors no longer. By 1789 the country was hopelessly bankrupt, the last farthing had been squeezed out of the miserable cultivators of the soil, and at length they rose and partially revenged the ages of former oppression in the world-famous French Revolution.

**146. Northern Europe ; Sweden.**—The remaining countries of Europe need not now detain us long. We have seen the commercial growth of Spain and Portugal and their subsequent depression ; the rise and decay of Holland and of France ; the ruin of Germany ; and the growth of the maritime and commercial supremacy of England—a supremacy which at the close of the eighteenth century was more marked than ever. True, she had lost part of her colonial empire, that in America, but she had gained another in India and in the West Indies.

Meanwhile amid the decay of the earlier powers other nations were coming to the front. Scandinavia had shaken off the monopoly of the Hansa by the beginning of the sixteenth century, and both Norway and Sweden came forward as commercially independent. The three kingdoms of Norway, Denmark, and Sweden, which had formerly been united into one, were now separated. Gustavus Vasa, the celebrated champion of Protestantism, became king of Sweden in 1523, and under him Sweden for the first time became an important European power. To Gustavus Vasa, who died in 1560, and to Charles IX., who died in 1611, is due the growth of towns, of manufactures, and especially of the iron industry and shipbuilding. In the seventeenth century Gustavus Adolphus (1611-33) conquered most of Livonia, and his daughter Christina (1633-54) acquired Pomerania, Bremen, and other portions of

North Germany, while the Peace of Oliva in 1660 gave Sweden nearly all Livonia and a large part of Denmark. The result of all these conquests was that the Swedish shipping trade was largely increased, and the Swedes competed for a time even with the Dutch. Home industries also made progress, especially the iron and copper trades, and manufactures of cloth and silk flourished. But the eighteenth century brought disaster. The long and costly wars of Charles XII. (1697-1718), who fought with Russia, Denmark, and Poland all at once, almost ruined the nation; and when peace was made in the reign of his sister Ulrica, most of the Swedish conquests were given back to Russia and Germany, and the royal power was much diminished. Sweden no longer was in the front rank of European states.

**147. Norway and Denmark.**—Norway and Denmark, after the separation of Sweden, formed one kingdom, till 1814, under the Oldenburg kings. The Norwegian trade gradually increased, consisting chiefly in the export of fish and timber, fur, copper, silver, and tar, in return for provisions and manufactures. Denmark had considerably augmented its trade by the end of the sixteenth century, and made great progress in agriculture, dairy farming, and cattle-rearing, which are still its chief industries. The revolution of 1660 against the nobles, and the immigration of French Huguenots in 1685, contributed to the progress of industry. Copenhagen became a commercial city of some importance, and a bank was founded there. Attempts were even made to gain colonial possessions like other European nations; and factories were established in the East Indies, the chief one being at Trankebar, which formed a centre for trading with Canton in China and the Ganges Valley in India. In the reign of Christian V. (1670-99) several islands were gained in the West Indies (St. Croix, St. Jean, and St. Thomas), and the navy was considerably increased. The maritime power of Denmark, as well as its internal industry, was greatly aided by the fact that the country remained neutral during the European wars of the eighteenth century.

**148. Progress of Russia.**—But the most noticeable

feature in the history of northern Europe in this period is the growth of Russia. The natural outlets of this country had not yet come into her possession, for Sweden possessed the provinces on the coast of the Baltic. The Russian frontier did not extend to the Caspian Sea till the reign of Ivan IV. (1533-84), who conquered the Tartars. She was cut off from the Black Sea by the Tartars of Krim (the Crimea) till the time of Catherine II. (1762-96). But with the accession of the present House of Romanoff in 1613, Russia began her policy of extension towards the sea in the west and south; and the conquests and administration of Peter the Great gave her a foremost place among the states of Europe.

Before Peter's reign Russian trade had not flourished very greatly. In the Baltic its foreign commerce was monopolised by the Hansa till the destruction of their factory at Novgorod in 1570 (§ 63); in the Black Sea by the Venetians and Genoese (§ 49), and on the coasts of this sea the Tartars also prevented much progress. Most of the Russian trade was, after the decay of the Hansa, in the hands of the English, Dutch, and the merchants of Lübeck and Danzig. It increased very greatly in the sixteenth century, because of the universal progress of navigation in other countries; for these naturally required large quantities of timber for their ships. This timber was obtained from the extensive forests of northern Russia.

**149. English Trade with Russia. Peter the Great and Catherine II.**—A considerable trade between England and Russia was opened up by the expedition of Sir Hugh Willoughby in 1553. Willoughby and two of his ships unfortunately were lost, but the third under Richard Chancellor found its way into the White Sea, which had been forgotten by the English since Othere gave a description of it to Alfred the Great (§ 85). Chancellor landed at Archangel and went by sledge to Moscow, and obtained from the reigning Czar, Ivan IV., letters for his king, Edward VI., as well as valuable trading privileges. The next year the Russian Company of English merchants was incorporated by a

charter from Queen Mary (1554); and the interests of the company were greatly promoted by their adventurous agent, Anthony Jenkinson, who opened up a trade with Persia and Bokhara, to which regions he made several expeditions. In 1571 this Jenkinson was appointed English ambassador in Russia by Queen Elizabeth. Many English merchants engaged in Russian trade, especially in the time of Peter the Great, and a large number of them settled at St. Petersburg. The internal trade of Russia was chiefly carried on at the various great annual fairs, of which that at Nijni-Novgorod remains to this day (§ 77). The chief Russian products sold to foreigners at these fairs were: skins, leather, hemp, flax, cordage, tar, pitch, train-oil, tallow, and timber. In exchange foreign merchants imported woollen and cotton cloths, sugar, paper, copper, tin, and lead. Peter the Great (1682-1725) did much to extend Russian trade and industry by his conquests of the provinces next to the Baltic, and the foundation of St. Petersburg on the Neva, which soon became a considerable commercial centre. He built canals and harbours, encouraged the breeding of sheep, the export of grain, and the development of mining, all of which had previously been rather neglected. He invited foreign, chiefly German, workmen into his country, appointed Russian consuls in foreign lands, and tried to encourage home industry by protective duties. His attempt to make Russia a great naval power was a failure, for foreign commerce still remained in the hands of foreigners; but in other directions he accomplished a great deal. Catherine II. (1762-96) also did much for trade, by appointing a minister and bureau of commerce; by making treaties and opening up a connection with China and Persia; and also by gaining possession of the Crimea and the north coast of the Black Sea, while compelling the Turks to grant a passage to her ships through the Dardanelles. She founded Odessa in 1792, and Odessa, Taganrog, Kerson, and Sevastopol became flourishing ports. But in the Baltic the Russian trade was still mainly in the hands of the English, and, next to them, of the merchants of Holland and Lübeck.

Nevertheless Russia was now a state of great commercial importance.

**150. Poland and Austria.**—The trade of Poland was carried on through Danzig, Königsberg, and Elbing. Its exports were grain, timber, flax, hemp, and cattle; the trade being chiefly in the hands of Dutch and North German merchants. The history of the country was one of continual internal dissension and civil war, and so home industry and manufactures could not thrive. The chief towns and commercial centres were Breslau, Krakow, and Lemberg. To these came also the products of Hungary as well as those of Poland.

Austria was not in a very flourishing condition. It had been deprived of its best workmen by the persecutions of the Protestants, and, like Germany, had been exhausted in the Thirty Years' War. It was not till the eighteenth century that the Government endeavoured to revive commerce and industry by granting various privileges to new enterprises, by making Trieste and Fiume, on the Adriatic, free harbours (1719), and later on by abolishing the tariffs between certain German and Austrian provinces. From this wise proceeding, however, Hungary held aloof, shutting itself off by protective tariffs of its own. The efforts of the Austrian Government succeeded to some extent; a linen industry grew up in Bohemia, which became famous also for its glass; Moravia manufactured also linen, besides cloth and leather; spinning of wool and flax increased in Silesia and the archduchy of Austria; and the iron industry flourished in Styria and Carinthia. The chief industry of Hungary was the rearing of sheep, cattle, and horses; and the Italian provinces were engaged in the production and manufacture of silk.

**151. The Italian Cities. Venice.**—These Italian provinces were no longer the great republics of old. A series of wars and dynastic conquests had ruined their independence. We have seen how in 1508 Louis XII. of France and Ferdinand of Spain, together with Pope Julius II. and Maximilian, the emperor, made the League of Cambray to plunder the rich republic of Venice (§ 52). The republic was



conquered, but got back nearly all she had lost owing to the quarrelling of the members of the league among themselves. But the quarrels went on, to the detriment of Italy in general. Ferdinand and Louis, and then their successors, Charles V. the emperor, and Francis I. of France, were always at war; till Francis I. was defeated at Pavia in 1525, and Rome was sacked by the Spaniards and Germans in 1527; after which peace was made. By this war Charles became king of Italy; and when he abdicated, his power passed to his son Philip II. (§ 111). It was during these wars that the greatness of the old Italian republics decayed. Their commerce and industries were reduced. Florence became a possession of the Medici, and Duke Cosmo de Medici then conquered the republic of Siena and made his dominions into the Duchy of Tuscany. The only commonwealths left were Venice, Genoa, Lucca, and little San Marino. Of these Venice was the most important; and she did signal service to Europe by keeping the Turks out of Christendom. In the famous battle of Lepanto in 1570 this state, aided by others, gave a most decided check to the Turkish power, and though she had to give up Cyprus, she still kept Crete and several smaller islands. From the sixteenth to the eighteenth century Venice is the only Italian state that has a separate history, for the others were changed about from one foreign power to another, as their conquerors thought good. In fact, by the Treaty of Utrecht (1713) the emperor Charles VI. became practically master of Italy, as Charles V. had been nearly two hundred years before. As Charles VI. was also Archduke of Austria, Italy, except Savoy, became an Austrian possession. But Venice was still independent, and still kept up her struggle with the Turks. Her power, however, was greatly reduced. She lost Crete in the war of 1645-69; and though she conquered the Peloponnesus in 1684, she had to give it up in 1715. All the Venetian dominions in Greece were now lost except the Ionian Islands and one or two bits of land on the Albanian coast. The result of all these disturbances was that Italian trade, though in kind much the same as before (§§ 41 to 56 and 78), greatly declined.



NOTE ON EUROPEAN BANKS.—In the former chapter we spoke of the foundation of the Bank of England; we may here insert a few remarks on Continental banks. The earliest banks in the Middle Ages were private institutions, and bankers carried on their business in the open market-places on benches (*bancæ*). These gradually developed into the large private establishments of bankers like the Bardi and Peruzzi (§ 44). But the earliest *public* bank was that of Venice, founded in 1157 or 1171, originating (like our Bank of England) in a loan made to the Venetian republic in time of war by a few wealthy citizens, who in return received various privileges, such as that all merchants were obliged to make their contracts and draw their bills in bank money, which had a premium (or *agio*) over the current money of the city. It lasted till the overthrow of the republic in 1797. In 1350 some cloth merchants of Barcelona added banking to their other business; and in 1401 a public bank was opened in the city, the public funds being security for money lodged in the bank. The Bank of Genoa was partly organised in 1345, but not properly consolidated till 1407, when the numerous loans which the republic had contracted with its chief citizens formed the nominal capital of the bank, and the island of Corsica was given to the bank as security. The bank was pillaged by the French in 1800.

With these exceptions no banks of importance were opened till the seventeenth century. At that time the Bank of Amsterdam was formed, in 1609, as a bank of deposit, and lasted till the invasion of the French in 1794. The Bank of Hamburg was founded in 1619, also as a deposit bank, the city being responsible for all deposits. The Bank of Vienna was founded as a bank of deposit in 1703, and as a bank of *issue* in 1793; the Banks of Berlin and Breslau in 1765 with state sanction; the Austrian National Bank in 1816. In St. Petersburg three banks were set up: the Loan Bank in 1772, advancing loans on deposits of bullion and jewels; the Assignment Bank in 1768 (and in Moscow, 1770), issuing government paper money; the Aid Bank in 1797, to relieve estates from mortgage and advance money for improvements. The Commercial Bank of Russia was founded in 1818. The Bank of Stockholm was founded in 1688. The Bank of France was founded first in 1803 and reorganised in 1806, when its capital was raised to 90,000,000 francs, held in 90,000 shares of 1000 francs. It is the only authorised source of paper money in France, and is intimately associated with the government.

At what time *Bills of Exchange* were first used in mediæval trade is uncertain, their revival having been ascribed to the Jews in the thirteenth century when fleeing from one country to another to avoid persecution, and to the Florentines. It may safely be

assumed that both these peoples were well acquainted with them ; and indeed something of this kind must have existed ever since international commerce began.<sup>1</sup> Certainly bills of exchange were current among the commercial states of Italy in the early part of the fourteenth century, and they were also known about the middle of the same century in England. The use of foreign bills is said to have preceded that of inland. At first used only as a means of remittance, they gradually came to serve many other purposes as their use became better understood and their validity recognised ; so that, in time, they formed a *paper currency* of great utility. They were the more useful as *bank notes* were not much issued by banks till the beginning of the seventeenth century ; for at first most banks (*e.g.* those of Vienna and Amsterdam) were only banks of deposit, not of issue. In fact, it is only comparatively recently that paper money has been very much used.

<sup>1</sup> They were of course known to the ancients (p. 16), but as commerce declined their use seems to have become unfamiliar, at least for a time.

## CHAPTER V

### THE INDUSTRIAL REVOLUTION AND THE CONTINENTAL WAR (1770-1890)

[*Preliminary Note.*—Fuller details concerning the industrial revolution and its effects, and concerning English industry of this period generally, will be found in the author's *Industrial History of England*, pp. 143-223, and in *Industry in England*.]

**152. A Period of Revolution.**—We have now to pause for a time in the general history of Europe to notice a great change that has transformed not only the commercial history of England but of the world. We have in fact arrived at an epoch of far-reaching changes in every department of life—political, social, and industrial. We have come to a time of revolutions—of the great political and social revolution in France that began in 1789; and of the equally great, though almost silent, industrial revolution in England that began about the time that we lost our American colonies. This was the revolution in industry and commerce brought about by the great inventions of the last half of the eighteenth century, inventions that increased our powers of production in mining, manufactures, and agriculture more than a hundred-fold; made England the richest nation in the world; and helped her to keep up a political struggle against France and (for a time) the rest of Europe that placed her in the front of the European states both in commerce and politics.

**153. English Commerce from 1782 to 1792.**—If we look at the state of English commerce during the few years which intervened between the close of the War of American

Independence and the Continental war—which decade is contemporaneous with the beginning of the industrial revolution—we find that our foreign trade had increased immensely ; in fact it had nearly doubled itself in ten years. In 1782, the last year of the American War, our imports were about ten millions and a quarter, our exports just over thirteen millions. In 1792 our imports were nearly twenty millions and our exports nearly twenty-five.<sup>1</sup> The condition of the country at home was very satisfactory. The population was about 8,000,000, perhaps rather less ; and of these very nearly one-half were employed, either as labourers, farmers, or landowners, in agriculture. This shows us that England was still mainly an agricultural country, for nowadays the proportion of those engaged in agriculture is not anything like so great, but on the contrary the majority are engaged in manufactures and mining. Nevertheless even at that time nearly half the population (*i.e.* 3,000,000) was occupied in manufactures, which shows us how much these industries had grown. But it must be remembered that many people combined both manufacturing and agricultural pursuits, and that the preponderating importance of agriculture is proved by the fact that the *income* of the agriculturists was more than double that of the manufacturers, being sixty-six as against twenty-seven millions per annum.

**154. The Domestic System of Manufactures and the Great Inventions.**—Manufactures, too, were conducted in a very different manner from that in which they are now carried on. People worked under what is called the “domestic system,” that is, not in factories, but in their own homes, in their domestic circle, aided by their family and apprentices. Consequently production was much more limited than at present ; and so, though about three million people were employed, nothing like the amount of the manufactures of the present was turned out. But now this old domestic system, which had lasted ever since England had done any manufacturing at all, was suddenly changed.

<sup>1</sup> The exact figures are :

1782. Imports, £10,341,628 ; Exports, £13,009,458

1792. „ £19,659,358 ; „ £24,905,200

A series of remarkable inventions was made, and these inventions came very rapidly one after another.

The first in order of invention, though not the first to be used in manufacturing, was the steam engine of James Watt; who took out his patent in the year 1769, memorable as the year when Wellington and Bonaparte were born. It was first used in mining operations, and was not introduced into factories till 1785, when a Nottinghamshire cotton-spinner set up one in his works. The other inventions, though made later, were used first. In 1770 James Hargreaves patented the "spinning-jenny," a machine by which many threads could be spun at once, instead of by the slow process of the single-thread hand spinning-wheel. In 1771 Arkwright set up a mill in which he used a "water-frame," a spinning machine worked by water-power. A few years later both these inventions were superseded by Crompton's "mule," which combined the principles of both of them (1779). These inventions greatly increased the facility of spinning both wool and cotton; so much so that the weavers could not keep pace with the spinners. But soon the weavers also were aided by inventors. The "power-loom" was patented in 1785, and in the same year steam-power was applied by Watt to spinning and weaving operations alike. This was the real, practical beginning of the industrial revolution. The new ideas were first made use of by cotton manufacturers; and so rapidly was production increased that in the fifteen years 1788 to 1803 the cotton trade trebled itself.

**155. Development of Coal and Iron Mining.**—But this novel development in manufacturing textile goods implied and necessitated a corresponding development in coal and iron mining; for the new inventions required steam-power and machinery to work them. Consequently this period sees also a complete revolution in our mining industries. Hitherto coal had hardly been worked at all in any large quantities, and that for a very good reason—there was no means of pumping water out of the mines, except by the inadequate air-pump, till Watt's inventions enabled steam to be applied. And, as there was not a sufficient supply of

coal, there had not hitherto been any adequate means of smelting iron. Wood had been used for this purpose for centuries, but the use of so much timber was destroying some of our finest forests ; so that its use was frequently forbidden. This waste of timber was most noticeable in the case of the Sussex Wealden, the forests of which owe their destruction almost entirely to the iron and glass manufactures formerly carried on in that district. Of course it must not be supposed that iron and coal were not mined at all, but the output was comparatively insignificant till the second half of the eighteenth century. But now, at last, Englishmen were awaking to a sense of the immense treasures which their soil contained, and many inventions were made in the smelting and manufacturing of iron, which created enormous wealth both for the manufacturers and the country at large.

**156. Improvement in Means of Transit.**—One more invention of this epoch was necessary to complete the revolution of industry, and that was an improvement in the means of transit.<sup>1</sup> The roads of England, which had been in the Middle Ages fairly good, were now entirely worn out. Many of the newer roads were mere country lanes, impassable except for pack-horses. In fact, the pack-horse was at this time almost the only means of transportation, and of course this was insufficient to meet the needs of a rapidly growing commerce. But luckily at this time a duke and a mechanic, the Duke of Bridgewater and James Brindley, conceived the idea of making a canal from the duke's collieries at Worsley to the neighbouring town of Manchester. This, the Bridgewater Canal, was completed in 1761 and was followed by a series of other waterways throughout the country, a great number being built in 1775 and the following years. The rivers of England had always been used, far more than is commonly supposed, for commercial purposes ; but of course in many of them the difficulties of navigation were very great. The making of canals now afforded a series of water-highways, perfectly navigable and far more convenient in many ways. Thus we see that not only were the means of production increased, but also the means of the distribution of the products of industry.

<sup>1</sup> For Railways see § 168.



**157. Development of Agriculture.**—Whilst we are discussing the subject of revolutions in industry, it is worth while to notice the great development of English agriculture in the seventeenth and eighteenth centuries. The great landowners bestirred themselves now in the interest of the land. The seventeenth century saw the introduction of winter roots, previously almost uncultivated in England, and a consequent improvement in the breeds of cattle. The eighteenth century saw the increased employment of artificial pasture and of cultivated grasses and herbage. The rotation of crops was also materially improved, and in fact more care and skill was bestowed upon agriculture than it had ever received before.<sup>1</sup> Unfortunately these improvements were made at the expense of the yeomanry and the agricultural labourer, and caused ultimately the extinction of the former and the impoverishment and degradation of the latter class. At first, indeed, the changes in agriculture, like those in manufactures and mining, gave an increased share of comfort even to the working classes. But the burdens of the great Continental war, and the sudden nature of the industrial transitions of this epoch, soon plunged the working classes, by the end of the eighteenth century, into the deepest misery—misery that was increased by the miserable conditions of labour in the factories, and necessitated afterwards many social reforms.<sup>2</sup>

**158. England's Commercial Position.**—We have now said enough to give some idea of the vast advance which England was making in the last quarter of the eighteenth century. Her wealth was increasing almost incalculably, and her industrial position was most favourable. If we look at the state of Europe at the conclusion of the Seven Years' War in 1763, we see, in the first place, England's most powerful commercial rival France seriously crippled in her American and Indian possessions. Spain, the ally of France, had long since lost her former commercial supremacy (§ 114). Germany was being ravaged by the struggles for conquest between the reigning houses of

<sup>1</sup> Note also the use of artificial manures and of machinery in nineteenth century.

<sup>2</sup> For a detailed account of the Factory System and its results see the author's *Industry in England* (1896).

Austria and Prussia, in which Frederick the Great took so famous a part. Holland also was now suffering from internal dissensions under the stadtholder William V., and in fact it had never recovered fully from the double blow of the wars against England after 1651 and the wars against Louis XIV. from 1688 to 1715. By 1790 the United Provinces were almost insignificant. Sweden, Norway, and Italy, as we have seen, were by no means serious rivals to England in the way of manufactures; nor was Russia, although it had begun to come to the front (§ 148) by the development of its internal resources. Moreover, European countries had all suffered more or less from devastations of wars carried on in their own territories, while England, though of course she had to pay—and that pretty heavily—for her wars, had none of their miseries and ravages at home; and thus her industries could go on unchecked. Hence this favourable position of affairs after the year 1763 helped her to gain the foremost place of all as the greatest manufacturing and commercial nation in the world.

**159. Great Progress of English Trade.**—We have already stated that our entire foreign trade was nearly doubled in the ten years from 1782 to 1792. Similarly our shipping trade was doubled in the same period. A noticeable increase also took place in our trade with France about this time, owing to the conclusion of a treaty of commerce in 1786, negotiated by William Eden, afterwards Lord Auckland. In the three years before this treaty was made, our exports to France had not averaged half a million sterling in value, but from its beginning to the outbreak of war in 1793 they averaged more than a million. We must also notice the great progress of our trade with the now independent United States, upon which the recent war had had very little effect. Great Britain still remained the most convenient market for Americans, especially now that its manufactures were so rapidly developing; and as commerce between America and England was now free from the harassing monopoly of previous years, it rapidly developed. In the ten years before the war (1763-73) our average exports to the colonies had been worth about £2,000,000;

by 1792 they had risen to over £4,000,000. There was a similarly noticeable increase in the value of the trade with our West Indian possessions, the exports to which had risen to over £2,000,000, while our imports from them (chiefly rum, sugar, cotton, dye-woods, and mahogany) were worth over £4,000,000, and these increased in subsequent years. Another branch of trade that rises into greater importance at this period is that of fishing. The herring fisheries off our own coasts, the Newfoundland cod fishery, and the whale fisheries both in the Arctic and South Seas, deserve especial notice. Finally, during the years of peace between the American and Continental wars our trade with every foreign country, both in Europe and elsewhere, had increased greatly, with the single exception of Spain and the Canary Islands.

**160. Commercial Crisis and Continental War.**—The rapid extension of commerce led, however, to a severe commercial crisis in the winter and spring of 1792-93, for many private and provincial banks had made an over-issue of notes, and nearly *one-third* of them were forced to stop payment, the result being a large number of bankruptcies and a great commercial panic. The cause of these numerous failures was, of course, the unsettled condition of European politics caused by the beginnings of the French Revolution, combined in England with a very bad harvest in 1792, which caused farmers to draw heavily upon the country banks, and necessitated the export of a certain amount of bullion in order to pay for foreign wheat.

Of course when war was openly declared with France (1st February 1793) the commercial crisis became more severe and further bankruptcies took place. The ostensible reason of the declaration of war was the invasion of Holland, then our ally, by France. An underlying cause was that politicians and commercial men alike in England were afraid that the conquests which the new French Republic was already beginning to make might help France to secure again her old position as the most formidable rival of English commerce.<sup>1</sup> If now this rival could be finally struck down, England was sure of the control of the world's

<sup>1</sup> Of course it was not the only cause.

markets. Naturally, also, the conservative and constitutional party in England was alarmed at the violence of the republicans; the landowners and nobility, and in fact all sober-minded persons, were horrified at the excesses of the French proletariat; the people at large believed, not untruly, that the famous statesman Pitt was fighting for the great principles of monarchy and religion, the first represented unfortunately by a feeble king, the second by a corrupt priesthood. Once plunged into this war England was unable to relinquish the struggle for more than twenty years, during which her trade and industry suffered and her finances were most sorely strained. The first effect of the conflict was to demolish utterly the recent trade with France since 1786. Our trade with Holland was also almost ruined, for that country was invaded by the French, and was compelled to refuse to admit English goods. Our exports to it had been, in 1793, over £1,600,000; by 1795 they had sunk to the insignificant sum of £100,000. In this same year (1795) France concluded an alliance with Prussia and Spain, and our trade to these countries also was seriously injured. Most of the Italian and German princes or dukes were also allied to France, and thus in a very short time all the ports of southern Europe—except those of Portugal, Turkey, and our own Gibraltar—were shut against our ships. In the north, the Baltic trade was hampered by the action of Prussia, but the ports of north-west Germany, and the three northern powers, were still open.

**161. English Commerce during the War.**—Our commerce, however, did not suffer so much as might have been expected. In spite of the almost entire loss of the trade with France and the Netherlands, a great decrease in that with Holland, Italy, Spain, and even Africa, and a small falling-off in that with Turkey and Portugal and British America, England's loss in these quarters was more than counterbalanced by the gain in our trade with the new United States, Russia, Venice, Germany, Denmark, Sweden, Norway, and Prussia, as well as with the British and foreign West and East Indies. The fact was that many of the

countries who had declared against us could not do without English manufactures, especially as their own industries were suffering from Continental warfare; and thus, for instance, Italy and the Netherlands, whose ports were closed to us, received our goods through Germany and Venice. Even a temporary prohibition (1793-97) of English manufactures in Russia had no effect upon the general increase of our trade with that country. Our trade with the United States was, as we have shown before, still rapidly improving. But, of course, a war of such magnitude as this could not but have disastrous effects upon some portions of our trade. Navigation also was rendered unsafe at such a time, and numerous privateers were always cruising about. Neutral ships of other countries also secured a good deal of our colonial traffic.

**162. Napoleon's Berlin and Milan Decrees.**—But the worst blow at English trade was aimed by Napoleon in his celebrated Berlin Decree of 21st November 1806. By this decree Napoleon, who was now practically master of Europe, ordered (1) that the British Islands should be declared in a state of blockade; (2) that all correspondence and letters with them should be prohibited; (3) that any British subject found in any country occupied by the French or their allies should be at once taken prisoner; (4) that all goods and merchandise belonging to British subjects should be a lawful prize of war; (5) that even commerce in British commodities and manufactures should be prohibited; and (6) that no vessel coming from England or her colonies should be allowed to enter any French port or any port subject to French authority. This comprehensive blockade was meant to ruin England's commerce. It did not succeed in doing so, but had a very disastrous effect upon the commerce of other countries. The English Government replied by orders in council (7th January and 11th November 1807) of much the same tendency, warning neutral ships not to trade with French or allied ports. To this Napoleon answered by another famous decree, that of Milan (17th December 1807), ordering the exact contrary; and, upon further orders in council from the English

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Government, went the length of decreeing that all British goods found in France, Germany, Holland, Italy, Spain, or any place occupied by French troops should be seized and burnt. The people of these countries were apparently compelled to obey this decree, and bonfires were made of English manufactures all over central Europe. This kind of thing, however, was a loss to foreign merchants quite as much as to the English. Neutral vessels, also, were now the prey of both combatants, and this fact caused an unfortunate war between England and the United States in 1812.



## CHAPTER VI

### MODERN ENGLAND SINCE THE WAR

**163. Internal Condition and Finances of England.**—We must now, however, pause for a short time in the midst of the war to look at the internal condition of England. It was obvious that such a war could only be kept up at an enormous expense to the nation. It actually cost, in fact, from first to last, £831,446,449. No less than £622,000,000 was added to the National Debt, and the taxation throughout the war averaged seventy millions sterling every year. Pitt, who was then minister, raised money at first by increased duties on spirits, plate, brick, stones, tiles, and glass. Next he tried the expedient of raising loans upon terms very advantageous to the lenders, but very disadvantageous to the country at large. Then (1795) fresh duties were put on wine, tea, coffee, fruit, hair-powder, hats, horses, dogs. In 1796 a "loyalty" loan was asked from the people, and £18,000,000 was raised thereby. Altogether from 1793 to 1801 eighteen loans were raised by Pitt, who for only £202,000,000 received funded a capital<sup>1</sup> of £314,000,000. Then came an income tax, and very soon very few articles of any description were left untaxed. The Bank of England itself was in great straits for ready money, and at last (26th February 1797) it obtained an order from Government to suspend cash payments. Bank notes, which could not be immediately turned into cash, were accepted loyally by all principal merchants, and soon by all classes of people, as the medium of payment in business transactions. Such

<sup>1</sup> Of course his difficulties must be taken into consideration.

were the expedients used by Pitt, and after his death in 1806 by succeeding ministers. Those who suffered most from them were the working classes, since taxes were now placed upon every necessity and convenience of daily life. Even as late as 1841 there were twelve hundred articles in the customs tariff. The price of wheat, moreover, rose to famine height; rising from 49s. 3d. per quarter in 1793 to 69s. in 1799, to 113s. in 1800, and 106s. in 1810. At the same time wages were rapidly falling, and thus the burdens of the war fell heavily upon those least able to pay for them.

**164. Expansion of English Trade.**—The landowners and merchants, however, did not suffer quite so much. The former often gained good rents from the increased price of wheat, and the latter grew wealthy upon the increase of trade. For, in spite of all obstacles, our manufactures prospered, and therefore our exports increased during the war. In 1793 the exports were officially valued at over £17,000,000, the real value being over £20,000,000; and for every year afterwards they were at least £22,000,000 and often more. In 1800 they were over £34,000,000, and in 1815 had nearly trebled their value at the beginning of the war, being in that year over £58,000,000. The imports were rather less, the reasons being that a large part of our exports was paid for in cash, and would not figure in the tables, and we also exported a good deal as subsidies to foreign allies, these subsidies being generally in the form of manufactures. In fact we paid in loans or subsidies, to Portugal, Russia, Spain, Austria, and the German States, no less than £57,000,000 from 1792 to 1817. The impossibility of excluding our exports from foreign ports, even after the Berlin Decree, is seen from the fact that when Napoleon himself marched to Moscow his soldiers were clad in Yorkshire wool. A new field of considerable extent was also now opened for our exports in South America, by the transference of the seat of the Portuguese Government in 1807 from Lisbon to Brazil (§ 116), and by the virtual emancipation of the colonies of Spain from their mother country not much later (§ 114 *n.*) As by our

naval victories we possessed the control of the ocean, England gained these new markets almost exclusively. More Manchester goods, for instance, were sent out in the course of a few weeks than had been consumed in twenty years previously. The expulsion of the French from Portugal in 1811 increased our trade with that country once more ; but in 1812 that with the United States was depressed by the war which broke out in consequence of our orders relative to neutral ships. This short war, however, was concluded in 1814. It produced a severe commercial crisis in the West Indian and American trade at the time, but fortunately went no farther. On the whole, then, we may say that the Continental war, though it undoubtedly retarded English trade and industry, and involved the country in considerable financial difficulties, was yet not nearly so disastrous as might have been expected. It gave England a most commanding commercial position, and left the other European countries so exhausted that foreign competition in our manufactures was effectively checked. The natural alteration and decline of prices after the peace of 1815 produced, however, a commercial depression of some severity, and there was much distress among the working classes. Nevertheless England came out of the war far better than could have been hoped at first.

**165. Additions to English Possessions ; Australian Colonies.**—Furthermore, she had gained considerable additions to her foreign possessions and colonies. In 1793 we took from the French Tobago in the West Indies, and most of their settlements in the East Indies. In succeeding years we gained further West Indian islands, including Trinidad (1797). From the Dutch we took Malacca, Ceylon (1796), the Cape of Good Hope (1806), and Demerara (1803). We also took Mauritius from France in 1810. In India we had a good deal of fighting to do with the native princes who were helped by France, but by the end of the eighteenth century we had practically conquered all the southern half of India. Mysore, Surat, Tanjore, and the Carnatic were annexed (1800). Central

India was much disturbed, but, as we have seen (§ 107), the English power was gradually extended both here and in the north. Meanwhile, besides these colonies of conquest, we were making peaceful settlements in the hitherto unopened field of Australasia. These colonies were colonised from the first by Englishmen, though the Dutch and the Portuguese had been the first to sail into this portion of the globe, for Tasman, a Dutchman, discovered Tasmania in 1642, and visited the north coast of Australia in 1644, calling it New Holland. The first Englishman who really explored this region was the celebrated Captain Cook, who in 1769 went to New Zealand and thence to New South Wales. By his advice a shipload of convicts was sent out in 1788 to the latter country, and Sydney was founded. In 1797 sheep were introduced, which were subsequently to create, together with gold, the greater portion of Australian wealth. Before very long indeed wool became an export, 245 lbs. being sent to England in 1807. Fourteen years later 175,433 lbs. were exported, and there were 120,000 sheep in the colony. After New South Wales came the colonisation of Victoria, which became separate from New South Wales in 1851; of Queensland (1824), West Australia (1829), and South Australia (1836). Tasmania was colonised at first by convicts (1805). The settlement of New Zealand did not properly take place till 1840. Thus we see how largely English possessions were increased in all parts of the world in this first quarter of the nineteenth century.

**166. England after the War.**—As we mentioned above, the close of the war brought commercial depression rather than improvement, partly owing to the impoverishment of Continental countries who could not buy the large stocks which our manufacturers had accumulated, and partly owing to the protective measures which they adopted in the hopes of reviving their exhausted industries. Unfortunately this depression was aggravated by a series of bad harvests in 1816 and 1817. The distress which these caused was heightened by the rather selfish action of the landowners and their tenants the farmers, who had got Parliament to forbid all imports of corn unless the price was 80s. a

quarter, that is, until actual famine stared the working classes in the face. Riots and agitations took place throughout the whole of England in the years 1817-19, alike among agricultural, manufacturing, and mining labourers. The agriculturists rose in Kent, the miners and colliers in the Midlands and the west, and the Luddites or machine-breakers in Nottingham. Political meetings of workmen were held in large numbers, and Parliament answered their demands by severe coercive measures. Amid all this disturbance and distress the country was plunged into a severe commercial crisis which reached its climax in 1819, in which year no less than 3552 bankruptcies took place in England alone. After this, trade improved slightly, but was again very much depressed in 1825, owing to the import of raw materials, cotton and silk chiefly, at too high a price in order to meet a demand which was not lasting, and to speculative trade with the newly-freed Spanish colonies in South America. The result of all these influences was that although there was on the whole a steady increase, the foreign trade of the United Kingdom did not exhibit any marked improvement from 1821 to 1830. The (official) value of imports rose from thirty to forty-six millions, and the value of British manufactures exported from £40,000,000 to £60,000,000. But the average declared value of exports remained fairly steady at £37,000,000.<sup>1</sup> Nevertheless in the country itself trade and manufactures were growing rapidly, and two-thirds of the population was engaged in manufactures of various kinds. The general increase of wealth gave statesmen an opportunity of diminishing taxation, and our sorely-tried finances were at length set in order. Cash payments were resumed by the Bank of England once more on 1st May 1821. Many of the injurious excise and customs duties upon raw materials and articles of British

<sup>1</sup> As the rates on which the calculation of official values are based were fixed in 1696, they are not of much use as indications of *value*, but very useful as an indication of comparative *quantities*. The system of calculating and publishing the "declared" (or real) value (of exports only) was begun in 1798.



manufacture—as, for instance, those on raw silk, coal, glass, paper, and soap—were taken off, to the great advantage of our industries generally.

**167. The Beginnings of Free Trade.**—In fact this first quarter of the nineteenth century witnessed the beginnings of the free-trade policy to which we have now fully committed ourselves. The year 1820 is specially memorable for the great declaration of free-trade principles which it witnessed. In that year the London merchants drew up their famous Petition, praying that every restriction on trade not imposed on account of the revenue, together with all duties of a protective character, might be at once repealed. The Edinburgh Chamber of Commerce sent up a similar petition; a committee was appointed in Parliament to investigate the wishes of the merchants of our two capitals, and it brought in a report thoroughly in accordance with the free-trade principles of the merchants. In the following year Mr. Huskisson, then President of the Board of Trade, proposed the first measures of commercial reform by moderating the provisions of the Navigation Acts and reducing certain import duties. Gradually, and not without opposition, restrictions of this kind were removed. In 1823 Huskisson passed a Reciprocity of Duties Bill, by which both English and foreign ships had equal advantages in England whenever foreign nations would grant the same to English ships trading in their ports. He also reduced the duties on raw silk and wool, in spite of the opposition of English wool-growers. Most important of all was the gradual abolition of the Navigation Acts, which were finally repealed in 1849. At the same time a series of bad harvests, resulting in the usual riots and agitation, caused an alteration in the protective Corn Laws (§ 166), and in 1828 the “sliding scale” of duties on corn was introduced, by which as the price of corn rose the duty fell, and as corn fell the duty rose. This was the first step towards the repeal of the Corn Laws, which desirable consummation did not, however, take place till nearly twenty years afterwards. But we may here anticipate our history a little by mentioning that, owing to the efforts of Cobden and other enlightened



economists, Sir Robert Peel in 1846 brought in a Bill by which the duties on corn were diminished every year till in 1849 they ceased to exist. Thus this year, 1849, the year of the repeal of the Corn Laws and Navigation Acts, is memorable as marking the final decision of England to adopt the policy of free trade.

**168. Railways, Steamers, and Telegraphs.**—Meanwhile another industrial revolution was going on—the revolution in the means of transit. Unfortunately there is not space here to go into the details of the great inventions in applying steam-power to locomotion. Suffice it to say that the first railway, that between Stockton and Darlington, was opened in 1825, and the more important one between Manchester and Liverpool in 1830. In 1838 the first ocean passages by steamships were accomplished by the *Great Western* from Liverpool and by the *Sirius* from Cork. Then the uses of electricity were discovered. The needle telegraph was patented by Cooke and Wheatstone in the year in which Queen Victoria came to the throne; and in 1846 the Electric Telegraph Company was formed for bringing the new inventions into general use. The introduction of the penny post (1840) must also be mentioned as a much-needed reform beneficial to commercial interests.<sup>1</sup>

**169. Free Trade and Commercial Progress.**—And now, as already indicated, came the completion of the great revolution in England's commercial policy, the change from protection to free trade. The change was marked by the entry of Sir Robert Peel into the cabinet in 1841, and was practically complete in 1849. Almost immediately our trade, both home and foreign, made enormous progress. Capital was rapidly accumulated, and many new companies were started, chiefly for the formation of railways. The country was in a most prosperous condition. But this extravagant railway speculation, together with the bad harvests of 1846 and an increase in the price of cotton, brought on another commercial crisis of great severity. This crisis, however, was safely got over, and the seven years that followed (1847-54) produced great commercial events. In these few years occurred a considerable increase

<sup>1</sup> The opening of the Suez Canal (1869) may be also noted here.

of our Indian Empire by the annexation of the Punjab in 1849; the discovery of gold in California in the same year, and also in Australia in 1851; a consequent stream of emigration to our Australian colonies that has subsequently vastly increased our foreign trade; and finally in 1851 the "Great Exhibition of the Industries of all Nations." The idea of this exhibition was to give a living picture of the progress of industry in England and other countries. It consisted of four classes of exhibits—raw materials, machinery, manufactures, and the fine arts—and these were divided into thirty branches. The exhibition showed that Great Britain was by far the most favoured country in the world for the development of mineral industries and the manufactures connected therewith. In the silk manufacture, however, France was seen to outrival England.

**170. Chief Features of our Trade about 1850.**<sup>1</sup>—The occurrence of this exhibition gives us an opportunity of reviewing the essential features of our trade at this time. In the early days of our history we saw that tin and wool were our chief products and exports. Then, from mere growers of wool, the English became manufacturers of it; from unenterprising and stay-at-home traders they became daring navigators, adventurous merchants, and finally the supreme commercial nation of the world. The introduction of steam and machinery at the end of the eighteenth century, and the development of coal and metal mining, further increased our trade. Then a new industry began to rival our manufacture of wool. The cotton of our colonies and America came to us to be made up into cloth. The growth of the cotton trade is noticeable at the end of the eighteenth century, when the exports of cotton were valued at rather over half the value of wool exports. In 1802 the cotton export was valued at more than the woollen, and in 1814 it was nearly half the value of all our exports put together. At the same time the export of our steel, iron, copper, and glass manufactures greatly increased. All this

<sup>1</sup> For the chief features of our trade of to-day compared with that of some fifty years ago, cf. Appendix A ("Fifty Years of British Trade"), where detailed statistics are given.

led to an extension of our commerce with Asia, in India, China, and the East Indies; and also with North and South America and the West Indies. The sugar trade of the latter islands was particularly noticeable.

But changes were in store. The cotton manufacture was taken up by continental countries and the United States, so that after 1850 England found that, though still first in cotton spinning, she had many competitors in other branches of the trade. The woollen trade came again more to the front, owing to the large import of wool from Australia and the Cape; and large quantities of woollen goods were exported. The iron and steel trade progressed still further, and the export of iron ore and manufactures increased enormously. There was a similar increase in coal. The exports of linen and refined sugar also became considerable. In our imports the chief increase was cotton from India, Egypt, Brazil, and the United States. The wool imports have been just mentioned. Raw silk was largely imported, but has not actually increased very much. Flax from Russia became a considerable import. But the greatest increase of all in our imports has been that of food stuffs, the item of wheat and flour alone being valued at over £31,000,000 in 1889.<sup>1</sup> Tea, coffee, sugar, cocoa, meat, fruit, and in fact all kinds of articles for the table are now imported in huge quantities. The direction of our exports in this century is very remarkable. In the earlier half of it most of them went to Europe, but since 1860 or so only one-third of our exports has gone to Europe, the other two-

<sup>1</sup> The official statement of the wheat crop for Great Britain in 1890 placed before the public, in figures which could be grasped, the extent of our helplessness in the way of raising our own bread from our own soil. The yield was 30.74 bushels per acre, which reached the considerable excess of 1.94 bushels over the average. The area under wheat was 2,483,595 acres, and the gross yield about 9½ million quarters. Deducting one million quarters for farm purposes, we had left 8½ million quarters of British-grown wheat for the sustenance of the British public. The actual consumption of wheat by that public averaged 26½ million quarters a year. The difference between these two totals marks the extent to which our bread supply was outside our own control at that time.

thirds being almost equally divided between our own colonies and extra-European countries.

**171. Our Colonial Trade.**—This increase of our colonies, and our trade with them, has been one of the most striking features in our commercial history of this century. The development of India since it ceased to be the property of the East India Company in 1848 has been remarkable. Railways, canals, and telegraphs have been built, the production of corn, wheat, and silk encouraged, so that it is now the richest of our possessions. Perhaps nothing showed the wealth of India and our colonies so well as the Colonial Exhibition in London in 1886. There were gathered all the commercial products of our settlements in all quarters of the globe. From Asia came the riches of India, Ceylon, and the East Indies; from Australia and New Zealand gold and silver, copper, iron, tin, wine, wool, and grain. From Africa came the gold and diamonds of the Cape, its wool and ivory and feathers, and the ivory and gold dust of the Gold Coast and Sierra Leone. Canada sent her timber, and grain, and the furs of Hudson's Bay. Central America contributed mahogany and sugar from Honduras, and the products of South America were represented by British Guiana. The West Indies sent spices, rum, and sugar. And besides these native products the colonial manufactures showed how rapidly our race had progressed in other parts of the world.

**172. England since 1850.**—Much has occurred between the two Exhibitions of 1851 and 1886. Not long after the first, Europe and England were plunged into the Crimean War. This, like most European conflicts, did no harm to English industry, but on the contrary greatly stimulated one branch of it, our agriculture. The Chinese War of 1857, which followed, was as regrettable as that of 1842, but both served to extend our commercial relations with the east.<sup>1</sup> The Civil War in America (1861-65) produced terrible distress in our cotton trade owing to the stoppage of the cotton export, but the waste caused in the States by this struggle created an urgent demand for English goods. One or two short wars in Europe between Austria, Prussia,

<sup>1</sup> The great extension of trade with China and Japan should be specially noted.

and Denmark (1864-66) had little effect upon us ; but in 1870-71 all Europe was shaken by the internecine conflict between France and Germany—a war by which our manufactures benefited largely. Since then we have had one or two commercial depressions, notably in 1873, 1883, and the following years ; but on the whole our prosperity has been remarkable, and the national wealth has increased enormously,<sup>1</sup> although, as we shall see in the next chapter, other European nations compete actively with us in manufactures. The increase of wealth has brought with it grave industrial problems, more especially in the relations of capital and labour. Let us hope that England will solve them wisely and justly.

<sup>1</sup> The trade of the United Kingdom in 1889 was larger than in any previous year, the total of imports and exports together being no less than £742,343,336. The highest total reached before was in 1883, but it was £10,000,000 less than this.

## CHAPTER VII

### MODERN EUROPE. FRANCE AND GERMANY

#### **173. Modern Industrial and Commercial Development.**

—We have now traced the history of the chief European states up to the middle of the last century. We have seen also how an industrial revolution took place in England that was destined to change all the features of our former industry. We now see this revolution operating on the Continent, and mark the immense growth of mining and manufactures under the factory system in every European country. As the inventions that led to this revolution came first from England, we find that England naturally has taken the first position in Europe as a manufacturing country; while her success in the Seven Years' War, and in the great French wars of 1793-1815, gave her a similar position as the first maritime and commercial power. But of course since then other countries have developed their manufacturing and agricultural industries, their shipping and their general commerce, so that England, though still first, is only one among a number of other powerful commercial states.

The commercial position of these states in modern times—that is, since what we might fairly call the general Industrial and Commercial Revolution that was almost contemporary with the French Revolution—has been largely determined, as of course was only natural, by various factors peculiar to themselves. One country has valuable natural resources, such as France in her fertile soil, England in her coal and iron, Germany in her minerals. Another has a favourable



geographical position, as Italy and Holland have. Others again may succeed by the characteristic energy or diligence of their inhabitants, as has been the case with England and Germany—and especially with Holland, whose people have literally snatched from the sea the land on which they live and work. And in the fifteen years of peace between the Crimean and Franco-German wars, and in the many years of peace since 1870, each country has had favourable opportunities of developing the special resources which it possesses. The result has been a really remarkable progress in commerce, which in turn has led to a common desire to increase colonial possessions in imitation of English success in that direction.

**174. France during the Continental War.**—The first country we must notice is France, our great rival of the eighteenth century. In 1763 we left her defeated and despoiled during the Seven Years' War, with the loss of her most valuable colonial possessions. After devoting herself to industry and trade for a time, she plunged eagerly into the American war with England in 1776; and, scarcely half a dozen years after its close, she was in the throes of the memorable Revolution (1789). The causes of that revolution were largely economic. It was due to the impoverishment of the country by constant war in the seventeenth and eighteenth centuries, and especially to the misery of the agriculturists—the peasants—who were ground down into unutterable misery by a taxation from which their masters were exempt. From the moment when the final crash came till the conclusion of peace by the Treaty of Vienna in 1815, France was fearfully distracted at home and involved in continual war with nearly all Europe abroad. Trade was almost completely ruined; and Napoleon, by his Berlin Decree (§ 162), not only injured the trade of his enemies but that of his own country as well; and, by his attempt to paralyse English navigation, nearly annihilated the shipping trade of Europe. The English captured not only French ships but French colonies (§ 165), and the very valuable colony of San Domingo was lost by a negro revolution. French shipping was so seriously injured that many of

the imports had to come in through Germany or in German ships. It is amusing, for instance, to find that in spite of Napoleon's decrees France was so sorely in need of English goods that they were smuggled into the country in large quantities across the Rhine. At the same time the Berlin Decree caused home industries in France to revive, in order to supply the demand for manufactured goods whose importation was difficult; and to supply the loss of colonial produce, tobacco, maize, and madder were cultivated. At this crisis, too, the cultivation of beetroot was introduced for the purpose of making sugar to take the place of the cane-sugar that could only be procured from English colonies. The invention of beet-sugar was indeed the severest blow to England's trade that Napoleon inflicted, though its consequences were not immediately felt. It aided largely the decline of our West Indian colonies, though it must be admitted that our emancipation of the negroes was an equally potent factor in this decay.

**175. France from 1815 to 1870.**—However, in spite of all attempts, French trade languished hopelessly, so that throughout the war, until 1815, the exports never rose above the average annual value of the exports in the period of 1763-76. After the peace of 1815 financial exhaustion and bad harvests caused much distress. But the splendid natural resources of the country gradually restored it to some measure of prosperity. Agriculture was improved, and the cultivation of commercial plants was carefully attended to. A foolish attempt in 1822 to exclude foreign competition by raising the import tariff had the usual effect of protective measures, and the export of wine and manufactured silk suffered considerably, especially as other countries also raised their tariffs. The restoration of the Bourbons (Louis XVIII. and Charles X.) brought little prosperity, and their reign was terminated by the revolution of 1830. Then came an era of prosperity under Louis Philippe (1830-48); but again industry was arrested by the revolution in 1848. Then came a short period of the republic, with its dissensions, and the *coup d'état* of Louis Napoleon, finally terminating in the empire founded by

him in 1852. For a time it seemed as if France was going to settle down and devote herself again to the arts of peace. The emperor, Napoleon III., did his best for manufacturing and other industries ; useful commercial treaties were made with foreign states (of which we may note specially that of 1860 with England), greatly reducing duties on foreign imports. It is also interesting to note that in 1856 the duties on imported machinery had been lowered, with a view of introducing more of the new English inventions into manufactures. In 1867 a grand exhibition was held at Paris, in which France showed what excellent progress she had made in industry. In the ten years 1858-68 the exports of France increased from £75,000,000 to £132,000,000, an increase chiefly due to the diminution of tariffs. But at the same time speculation and commercial gambling of the wildest kind was going on. And three years after the Paris exhibition came the terrible blow of the Franco-German War (1870-71), from which France emerged defeated and impoverished.

**176. The present Commerce of France.**—Yet her wonderful powers of recovery have been shown most remarkably in the period that has elapsed since that defeat, and now trade and industry are progressing most satisfactorily. The Bank of France (founded in 1803) almost rivals the Bank of England in the magnitude of its operations, and the Parisian *Bourse* is only second to the London Stock Exchange. Agriculture has improved, wine and corn growing being the chief branches. Manufactures have been largely extended, and in some departments compete very successfully with English goods. The spinning of cotton and the linen trade are chiefly localised in Normandy and Picardy ; the woollen industry in the north, the silk trade in the south. The manufacture of fancy articles of jewellery, ornamentation, and furniture is an important industry. Important also are the coal and iron trades. French exports now include many textile fabrics—in silk, wool, cotton, and linen ; also glass, porcelain, perfumery, and fancy goods ; all of which are distinguished by elegance of taste and design. In fact France owes a

large portion of her commercial progress to the artistic sense of her workmen.

**177. French Colonial Possessions.**—Although France is not now one of the great colonial powers, she has gained several foreign possessions since 1815. The most important is Algiers, acquired in 1830; but the military system of government there in force has not proved advantageous to industrial development, and the cost of the colony has always been far greater to France than its revenues. France still keeps, and is extending, her possessions on the west coast of Africa, which export many valuable products, such as ivory, gold-dust, palm oil, and cotton. The other French possessions are unimportant, but are given in the table of foreign possessions in the appendix. She has lately, however, pursued an aggressive policy of extension, acquiring, in 1884, Tonquin in Indo-China (which exports raw silk and rice), and assuming in 1886 a protectorate over Madagascar, which will probably prove a most fertile acquisition.

**178. Germany during the Continental War.**—If we now turn to France's great rival, we shall find a record of considerable commercial progress since the last century. Germany profited considerably from the conflicts between France and England, and between England and her colonies. The War of American Independence, for instance, and the following French wars, necessitated a considerable export of corn to the conflicting powers, whose own industry was disturbed; and this corn was largely supplied by Germany. The War of American Independence also had indirectly a beneficial effect in promoting various alleviations of the lot of the peasants and altering the mediæval restrictions on landed property; and these events greatly improved agriculture. The stoppage of the tobacco import from America, owing to the war, caused the introduction of that plant into Germany, where it was successfully cultivated in Baden, Thuringia, and the Palatinate. But unfortunately the revival of industry and commerce thus caused was suddenly stopped by the Berlin Decree of Napoleon, which prevented the export of corn to England, and thus lost

Germany a good customer. Of course other trade was similarly hindered, and home industry was severely checked by the occupation of North Germany by the French troops under Napoleon (1805-1813). When Napoleon's power was at its highest, the French empire included, besides France, all Germany west of the Rhine, most of north-west Germany, the Netherlands, and Italy.

**179. Increase of Manufactures. The Seaports.**—It was, however, during this period of Napoleonic rule that the cultivation of commercial plants was encouraged, to meet the demands of home manufacturers who could no longer get raw materials from outside by reason of the blockade. Flax was more largely grown; and, to meet the lack of colonial produce, beetroot was grown to supply sugar, chicory to take the place of coffee; while home-grown tobacco took the place of the American article. The linen manufacture increased greatly, and exports were sent to England, America, Spain, and Portugal. The woollen export to Russia and Poland also became larger. The mineral products, in which Germany is so rich, were now more successfully mined, especially in the case of silver and coal. Silesia and Saxony also began at this period (the beginning of the nineteenth century) to take up the prominent position they now hold as seats of the textile industries—cotton and woollen cloth and lace being the chief manufactures. The northern cities were engaged in sugar-refining, Prussia was the chief district for tobacco and chicory manufactories, and also for pottery, while Hamburg became noted for cotton-printing.

The German seaports also benefited by the wars of the Americans, French, and English. Now that the American colonies had become independent, and England no longer had a monopoly of their commerce, a direct trade sprang up between them and the towns of Hamburg and Bremen. At the same time the decay of the Netherlands, and their conquest by France (1795), seriously injured this rival of the German seaports. Hamburg and Bremen now engaged largely in the American and West Indian trade, and also gained nearly all the trade with south and west Germany,



and even the east of France. They even got hold of the Rhine trade and that with Switzerland, so that altogether they rose to considerable prosperity.

**180. Depression after the Peace of 1815.**—The peace of 1815, however, caused a great depression in Germany. England now came forward again more than ever as the greatest manufacturing nation of Europe, and English goods, accumulated during the war in our factories, almost flooded the markets of Europe. Moreover, Germany had not yet any of the English inventions in machinery; and the result was that, in face of English competition, her home industries suffered severely. The cotton, iron, and steel trades especially were much depressed. But, on the other hand, England became, even more than formerly, the market for corn and wool, and thus the German exports of these commodities rose considerably. The growth of so much wool even restored the woollen manufactures.

This foreign competition was a serious blow to the German states, and they tried to stop it by protective enactments. These had the usual result. Prussia introduced a new Tariff Act in 1818, which seemed to help her manufacturers for a time, and so did other states; but as Austria, Russia, and France did the same, all the German states were soon in a worse condition than before.

**181. Zollverein.**—Under these circumstances they decided to try to mitigate tariffs among themselves, and in 1828 Bavaria, Würtemberg, and other states formed a customs league of their own, identical with the Prussian tariff. Soon afterwards Saxony, Hanover, Brunswick, Hesse, and other central states made another league. Other leagues were also formed. Finally in 1833 nearly all the principal states, such as Prussia, Saxony, and Bavaria, formed a much larger league or Zollverein, and by 1854 practically all the states were amalgamated into it. Only Austria, Holstein, Mecklenburg, and Lauenburg remained outside, together with the three Hansa towns, Hamburg, Lübeck, and Bremen. This Zollverein concluded treaties of commerce with England, France, Austria, and most other European countries, reducing the pro-



fective tariffs. The economic and commercial results of this action were very beneficial to trade. Then in 1866 was formed the North German Confederation, which soon included practically every state in Germany, and settled all questions of tariff, coinage, banking, industry, and commerce, as well as telegraphic and postal arrangements. This confederation also established a council, parliament, and supreme court for commercial affairs, and lasted till 1871, when the German empire, as we now know it, was formed, and the parliament incorporated into the imperial Reichstag.

**182. Revival of German Trade.**—Returning now to the progress of trade, we notice since 1830 a great revival and development in the wool trade. The home production of raw wool became insufficient for the requirements of the manufacturers; and now woollen goods form a very important item in the exports. The silk and cotton industries also made great progress after the introduction of machinery, and so did the linen trade after 1850. The iron and steel trades and coal mining rose greatly, for the same reasons that they rose in England, as being absolutely necessary to the factory and machine system of industry. Glass, paper, pottery, porcelain, and hardware also have become important manufactures, and in particular the manufacture of chemicals, dyes, beer, and sugar, all of which are largely exported. The increased home production led naturally to increased imports, and German trade rose to a most flourishing condition.

**183. Special Features of German Trade.**—Since the great war with France, and the foundation of the German empire in 1871, its foreign commerce has shown certain noticeable developments. There has been a steady increase in the value of silk manufactures exported, and consequently in the import of the raw material. A remarkable rise is seen in the export of beet-sugar, to which much scientific attention has been given. The rise of the silk industry has been at the expense of France, by the manufacture of a cheaper kind of silk than the French fabric. The growth of the sugar export is the result of bounties

granted by the Government, but this export does not mean much profit to the nation. The profit goes only to a few manufacturers, and the bounty is paid out of the pockets of the people at large. Those who benefit most by it, next to the refiners, are the foreign customers, who get cheap sugar at the expense of the unfortunate German taxpayer.

Of the imports those which have shown the most marked rise are coal and raw cotton, both signs of increasing manufactures. A good deal of machinery is also imported for the same purpose. We should notice finally how much German commerce owes to the energy and intelligence of the people and their rulers, who have perceived, long before England, the value of commercial and technical education. But it should also be remembered that much of the profit of German trade comes from badly-paid labourers who work excessively long hours. Happily there are signs that this state of things will not always continue. The increase of German national wealth and strength has led to an eager desire for colonial possessions, and though Germany has not any large foreign territories yet, it is very evident that she means to acquire some before very long.

**184. The War Indemnity and the Hansa Towns.**—We cannot finally leave the history of German commerce without referring specially to two very important events of the last twenty years—the Franco-German War and the extinction of the freedom of the Hansa towns. The war was undoubtedly a great political benefit to Germany as a nation, for it gave a unity which the incoherent collection of petty states and kingdoms had sorely lacked. But it gave Germany also an indemnity—of £200,000,000—which proved ultimately to have had by no means the beneficial results that were expected of it. For, immediately after the war and the payment of the indemnity, a rapid expansion of trade and industry took place, speculation ran very high, new companies for railways and manufacturing undertakings were eagerly formed,—with the result that in 1873 a financial crisis occurred, from the effects of which the country suffered for several years.

Both manufacturers and agriculturists became alarmed, and combined to urge the Government to introduce new and higher tariffs, and to adopt a more protective system. This was directly contrary to the principles of the Zollverein before 1870, which had tended more and more in the direction of free trade. Thus the indemnity became an influence tending in the direction of protection. By no one were the effects of the protective system so much resented as by the Hansa towns of Hamburg and Bremen, who have been compelled to join a Zollverein, and become protective instead of free ports. Their accession to the new empire (§ 67) was a greater benefit to Germany than to themselves, for the revenue derived from their trade is now very considerable. But although no longer free, their trade, from their favourable position in north Europe, must always be exceedingly important, and it has grown considerably in the last fifty years. In 1858 the value of imports to Hamburg was £30,000,000; in 1867 it had risen to £54,000,000; and in 1886, just two years before its incorporation into the empire, it was £102,347,071.

## CHAPTER VIII

### MODERN EUROPE. HOLLAND, RUSSIA, AND THE OTHER STATES

**185. Decay and Separation of the Netherlands.**—If we turn now to the lesser European states we see that curious changes have taken place. The once powerful commercial nation of the Netherlands suffered an almost complete relapse, and has experienced almost as complete a revival. Their troubles began in the War of the Austrian Succession (1748), when they helped the Queen of Hungary, and were therefore attacked by France. Soon afterwards they fell under the control of Prussia. They were then conquered by France in the revolutionary war, and in 1795 the United Provinces became a republic dependent on their conqueror. At the peace of 1813 they were made into a kingdom of the Netherlands under William, Prince of Orange. But meanwhile these constant changes and wars had utterly ruined these once wealthy commercial countries. Their foreign commerce sank down into mere coasting-trade, their colonies were taken by the English in their wars against France and her allies, the East Indian Company failed, the Bank of Amsterdam liquidated, capitalists and merchants fled from the country, and complete commercial collapse ensued. Then, in 1809, a severe inundation of the sea took place, and things became worse. Even the new kingdom of 1813 was of little avail in strengthening the provinces; and, after lasting only fifteen years, the northern and southern Netherlands were divided (1830) into the kingdoms of Holland and Belgium respectively.

**186. Revival of Holland. Its Colonies.**—But after this separation a brighter epoch of prosperity supervened. Holland threw itself more eagerly into manufactures, agriculture, and shipping. Manufactures of sail-cloth, fine linen, cotton, and leather were again revived. The production of brandy, spirits, and tobacco became once more of importance. Land was again reclaimed from the sea, and agriculture improved. Numerous canals had always existed, and now, in addition, railways were built. Favourable commercial treaties were made with other nations ; and once again the Dutch distinguished themselves by their old characteristics of prudence and industry.

The colonial possessions of Holland now also received special attention. The “*Nederlandsche Handel Maatschappij*” or Dutch Trading Company, had existed since 1824 ; and being now supported by the Government, did great service in developing and regulating the produce of their old East India colonies. Amsterdam and Rotterdam became the chief emporia of colonial produce, and now the Dutch colonies are no less than sixty-four times the size of the mother country.<sup>1</sup> They export coffee, rice, sugar, tobacco, indigo, tea, sugar, oils, cotton, dye-woods, together with spices and drugs of great value ; and to-day Holland may be said to have won back again a foremost place amid the commercial nations of the world.

**187. Development of Belgium.**—Belgium, also, since its formation into a separate kingdom, has distinguished itself in industry. From its small amount of coast-line it does not rival Holland as a foreign commercial and colonial power, but has developed rather into a manufacturing country. Shortly after it became a kingdom the Belgian Bank was founded (1835), and this was followed by the growth of a number of joint-stock companies for setting up factories, railways, and mining works. These all succeeded very well ; machine, glass, cotton, linen, and woollen manufactories were established ; and their success was due largely to the splendid resources of the country in coal and iron, now first properly developed. The Belgians also

<sup>1</sup> See Appendix B.

had the good sense to build railways lavishly from the beginning; and these, together with the excellent natural waterways of the land, greatly helped the development of industry. Foreign trade then began to revive side by side with home industry. In 1843 Belgium bought up from Holland the right of using the mouth of the Scheldt for its ships, and in 1863 was freed from the tolls formerly levied there by the Dutch. Since 1850 the land traffic also with Germany, France, and Austria has largely increased owing to the development of the Belgian railways. It is now so much a manufacturing country that, like England, it has to depend largely on other nations for its food supply.

**188. Switzerland.**—Another small country which has developed its manufactures very greatly in the present century is Switzerland. As far back as the sixteenth century Basle, Zürich, and St. Gallen possessed manufactures of cloth, linen, cotton, and silk, but the first impetus was really received from the French Huguenots who were driven out of France by Louis XIV. in 1685. Some introduced into Basle silk-weaving and ribbon-making, and others introduced cotton-printing into Zürich and St. Gallen. Swiss industry was much disturbed by the French revolutionary wars, and in 1798 the French made the cantons into the Helvetic Republic, which at the peace was altered into the Swiss Confederation, and again in 1848 there was a new Federal Constitution. But as soon as the Continental blockade of Napoleon was relaxed, Swiss industry rose into marked prosperity, largely owing to the introduction of free trade principles, and later (since 1850) to the abolition of all internal taxes and duties on transit, and the promotion of useful railways.<sup>1</sup> The chief Swiss manufactures are now those of cotton, silk, and watches, and these make up about 60 per cent of the total exports.

**189. Russia. Growth of Trade.**—Turning now to those countries which have become commercially important more from their natural resources than from the development of manufactures upon the lines of the industrial revolution, we must first notice Russia. Russia is an empire

<sup>1</sup> And, later, to activity in commercial education.



of enormous extent and of immense natural resources, and as these have been much more developed in this century than previously, its trade has increased proportionately. Yet, compared with its possibilities, Russian commerce is by no means at its best.

A considerable impulse was given to trade by England's growth as a naval and commercial power, for England became—and has always since remained—a very good customer to Russia for shipbuilding materials—such as timber, tar, pitch, and cordage. The growth of English manufactures also caused a great increase in the export of wheat from Russia to England. By this export trade St. Petersburg, Riga, and Archangel in the north, with Odessa in the south, rose into considerable prosperity. This first impulse in the middle of the eighteenth century was disturbed of course by the French revolutionary wars, the Berlin Decree, and the invasion of Russia by Napoleon (1812). But after the peace the internal industries of the land again rose up; foreign goods also became much more in vogue than formerly, and as the imports of foreign goods increased, so did the export of corn and other cereals.<sup>1</sup>

**190. Russian Commercial Policy. Railways.**—In 1821, however, a mistake was made by the Government, which, in hopes of encouraging home rather than foreign manufactures, introduced an almost prohibitive tariff. By this means manufactures of cotton, silk, linen, wool, glass, and leather were called into existence, and raw materials from abroad were largely imported. But this artificial state of things was of no real benefit to the country, and at length, in 1850, Russia confessed its mistake by greatly lowering import duties. Meanwhile Russian trade was rapidly advancing in Central Asia, on the Black Sea, and on the Lower Danube, though the Crimean War (1854-56) was a severe blow. But soon after this war the Czar Alexander took the wise step of emancipating the serfs (1861), a deed which has since had beneficial results on agriculture, though the degraded condition of the tillers of the soil in previous centuries has rendered their descendants slow in making economic progress. In 1857 also a new and still lower tariff

<sup>1</sup> The petroleum trade also is now very important.

on imports was granted, and the great Russian Railway Company was founded, though by the help of foreign capital. By railways the internal communications of the country were of course rendered much more easy, with beneficial results to both home and foreign trade. Communication by water also is peculiarly easy in Russia owing to her splendid rivers, and the introduction of steamers on these has been most useful. Twelve years later a new custom tariff came in force (1869) which was again a great improvement on its predecessors.

**191. Recent Advance.**—This new tariff, together with the development of internal means of transit, has produced rapid advances in commerce. The greatest increase was between 1857 and 1867, when the exports increased from £27,000,000 to £39,000,000. In twenty years more they were doubled, being in 1886 over £77,000,000. The railway and public debts of Russia are, however, enormous, and a large part of her exports is really payment of foreign loans. The interest alone on these debts is £40,000,000 a year. We must, however, remember that a large proportion of Russian trade is carried on by land with Asia and Asiatic Russia, and the export figures given are only those of trade going by sea. Russian merchants have extended their factories to Khokand, Bokhara, and Khiva, their caravan routes traverse all Central Asia, their steamers ply on the Asiatic rivers, and railways and telegraphs now extend to the Pacific Ocean, while the Russian military frontier is already very near our own in India. Altogether we must look upon Russia, with her immense and as yet only partially developed natural resources, as one of the greatest commercial powers of the future. At present her unfortunate financial condition is a hindrance to progress.

**192. Austria: Commercial Difficulties and Progress.**—Another country whose trade is not yet commensurate with her resources is Austria. Just as trade and industry were prospering under the rule of Maria Theresa (1740-80) they were almost destroyed by war, especially by the wars of Napoleon, and in 1811 the state was bankrupt. Upon the relaxation of the Napoleonic decrees on trade Austrian

manufacturers were utterly unable to withstand foreign competition, and so in 1817 the Government was induced to introduce a prohibitive tariff. After this the glass and cotton industries of Bohemia and the iron and steel trade of Styria revived; and Vienna also became a manufacturing town, famous for breweries, silk, and cotton works. The port of Trieste even took the place of Venice, which had greatly decayed. But under this prohibitive system the country, as a whole, went from bad to worse, and in 1852 a considerable change had to be made in the direction of a more liberal foreign policy in commerce. At the same time the means of transit both by land and water were improved, and railways were built, while steamers were set up on the Danube and the Adriatic Sea. Most of these undertakings were aided by foreign capital. Unfortunately, soon after these events, war broke out with Italy (1859), in which Austria lost Lombardy; and in 1866 the province of Venetia, including Venice, was also lost. These wars sorely tried the finances, and in 1867 it became clear that something must be done to improve commerce and industry. Hence came fresh changes and reduction of tariffs; and in 1871, by the treaty of commerce with England, Austria was practically committed to free-trade principles. Since then commerce has, on the whole, improved. The nation is still mainly agricultural, three-quarters of the population being employed on the land; but exports and imports are steadily increasing, and the country possesses a good railway system.

**193. Revival of Italian Trade.**—Looking south of Austria we find Italy sunk considerably from the prominent position which she once held. We have already seen the effect produced upon her republics and towns by the discoveries of the Americas and the way to the East (§ 93), and since that epoch their fortunes steadily declined (§ 151), till at the close of last century, during the French and Napoleonic wars, Italy was in a most deplorable condition. Even her natural products were neglected, and had to be imported. But with the success of the struggle for Italian unity (from 1848 to 1861) under Victor Emmanuel and

Garibaldi, came a time of recovery. Soon after the accession of Victor Emmanuel all the various taxes and duties on trade between the different states were abolished, and a uniform system arranged for the whole nation. As we have seen in other countries, foreign treaties of commerce were made, and railways introduced. The piercing of the Alps<sup>1</sup> was a very important and significant event for the growth of Italian trade, for it did away with the great barrier which separated her from the rest of Europe. Italian commerce has thus grown very considerably of late, and manufactures have been very successful in North Italy. But the finances of the country are still in an unfortunate condition, owing of course to the depressed state of the nation in the first half of the century and to subsequent wars. Italy has nevertheless shown considerable energy and ambition, and has embarked upon a modest career of colonial acquirements, which as yet have not been very profitable.

**194. Spain: Commercial Decay.**—The other southern countries, Spain and Portugal, have been in much the same condition as Italy. They were, of course, severely tried, almost ruined, by the Napoleonic wars, which, as the reader will have by this time perceived, have been responsible for widespread havoc in many lands, and have left enduring effects behind them. When the Napoleonic wars had ceased, the Spaniards became engaged in civil wars of their own, from 1833-40, between the partisans of Isabella and Don Carlos. Isabella reigned, with occasional disturbances, till she was driven out in 1868; but her reign is memorable for the introduction of railways (1848) established by English capital. At the same time the vast mineral wealth of Spain began to be again developed, though in this case also only by the help of foreign (French and Belgian) capital. The production of wool was improved and the export of it increased. Civil conflicts, however, still went on, even after the accession of Alfonso XII. in 1875, and though Spanish industry is improving, as the import of machinery for manufacturing purposes shows, Spain has by no means taken its proper place among modern commercial powers.

<sup>1</sup> Notably by the S. Gotthard tunnel.

Its colonies have now all been lost, Cuba and the Philippine Islands being taken by the United States in 1898. Spain itself and the Spanish colonial empire is but a memory of what it was in the sixteenth century.

**195. Portugal.**—Portugal has suffered as much as Spain. During the Napoleonic wars the royal family had to flee to Brazil, and when they returned Brazil became independent (1822). Then came civil wars in the mother country, and not till 1848 did any real improvement take place. Since that date reforms in agriculture and manufactures have been made, and they have achieved some success. But mining is in a very depressed state, and the public debt is increasing. On the other hand her colonial possessions, though but a remnant of her former grandeur, are comparatively extensive, and might be of some value if the country had the energy or the capital to develop them.

**196. Sweden.**—The Scandinavian kingdoms have developed to some extent during the last century, but their trade is not, on the whole, very considerable. We have seen already that Sweden profited by the English and French wars, and it profited also by the development of shipping and manufactures in England after the industrial revolution. The export of timber, pitch, and iron increased constantly up to the time of the Napoleonic wars. Sweden, Norway, and Denmark were all involved in these wars from 1806 to 1815; and Sweden also had a war with Russia in the reign of Gustavus IV. which cost her Finland. These wars greatly depressed industry and trade. Since the peace of 1815, however, Sweden has not been involved in any European war, and her commerce began to revive. She again took part in the carrying trade from Europe to both the East and West Indies, and even agriculture, which had been decaying since the seventeenth century, revived after 1816 to such an extent that corn has since 1853 become an export. The forests also have been carefully cultivated; mining has been developed; and since 1830 waste land has been reclaimed, roads and canals made. A freer policy in foreign trade has been introduced, and industry has been stimulated by the establishment of



industrial and naval schools. Railways were begun in 1854, and the country is now in a very satisfactory financial condition, there being only £13,000,000 of public debt, which has all been spent in railways ; and the imports are greater than the exports.

**197. Norway.**—Norway has been united with Sweden under one king since 1815, and has developed its commerce recently as much as could be expected, though, from the nature of the country, it cannot be very considerable. Fishing, navigation, and forestry have always been the chief occupations of its people and still remain so, while manufactures are not much undertaken. Its mines have been opened up lately with the aid of foreign capital, and by the same means railways have been built ; but only 970 miles of way are open, for which a public debt of about £5,000,000 was incurred. Although agriculture has been more vigorously pursued of late, the land is unable to furnish sufficient produce for home consumption, and therefore much corn, meat, and butter have to be imported.

**198. Denmark.**—The little kingdom of Denmark prospered greatly by reason of the wars of the English, and engaged at the close of the last century in an active East and West Indian trade, which was still further increased after the decline of Holland under the French invasion (§ 185). During the continental wars at the beginning of this century most of the German trade with England and elsewhere was carried on through Denmark. But a great disaster to the nation took place when the English under Nelson (1807) bombarded Copenhagen and took or burnt seven hundred ships, because the Danes were allies of the French. In 1814 Denmark and Norway were separated, and since then other great constitutional changes have taken place. But agriculture of all kinds was steadily pursued, and agricultural products were largely exported to England, France, and Germany. Fighting took place between Denmark and the two duchies of Holstein and Schleswig from 1848-51 ; and in 1864 a war took place by which both these duchies were lost, being given to Austria and Prussia. Then Austria and Prussia quarrelled over them, and since



1866 they have belonged to Prussia only. The loss of Schleswig and Holstein was very serious, since they are valuable agricultural and pastoral districts, and the war about them cost a great deal. Since then, however, Denmark has prospered considerably; great attention is paid to agriculture, cattle-rearing, and dairy farming; finances are satisfactory, and the imports exceed the exports. On the whole, then, the three Scandinavian kingdoms, though not first-class commercial powers, are in a prosperous state as regards commerce and industry.

**199. General View.**—We see that great changes have come upon Europe since the last century. The Napoleonic wars caused the Continent an incalculable loss, not only in money and men but in industrial progress. Other wars have since then increased the difficulties of some countries, such as Spain and Italy. Some countries are seen to be still mostly dependent upon the natural products of the earth, while others have followed successfully in the wake of that great industrial revolution which began in England and which gave her many years' start of all other nations as a manufacturing community. Some nations, desirous of gaining still greater benefits from the industrial revolution, have endeavoured to encourage home manufactures by a system of protection—a system which, though economically unsound, is supposed to have at least political advantages. But on the whole, compared with the almost prohibitive policy of earlier generations, we find that the rudimentary principles at least of free trade are being now more fully, though not completely, recognised; and, as time goes on and the benefits of the freedom of commerce and industry are more clearly seen, it may be hoped that national self-interest will overcome economic error.

**200. Recent Developments of Commercial Policy.**—At the end of the nineteenth century it seemed as if most European nations were inclining to a renewal rather than an abandonment of the protective system. That this system is often pursued for political purposes, even when its economic drawbacks are partially recognised, is evident in several cases. When Cobden and Bright prevailed

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upon England to adopt free-trade principles they hoped that the rest of Europe would soon follow her example. The rest of Europe has not yet seen fit to do so, and the result has been that English merchants and manufacturers have experienced a sense of disappointment. The theory of free trade is disputed by few, but many consider that in practice it must sometimes be outweighed by other considerations of national policy. After all, each country must work out its own salvation in commercial as well as political and social matters, and in course of time experience will demonstrate which policy is the most suitable for any particular nation.

## QUESTIONS

### §§ 1-5

- ✓ 1. How does commerce between nations begin?
- ✓ 2. What do other countries supply to England which we lack?
- ✓ 3. How can a country become a commercial nation without natural productions?
4. How did the Venetians become a great commercial people?
5. Who were the chief manufacturers of Europe in the Middle Ages (cf. § 78)? What made them so?
- ✓ 6. What are the main sources of national wealth?
7. How does war affect commerce?
8. How is a war paid for? How was the Continental War of 1793-1815 paid for (cf. § 163)?
- ✓ 9. Who paid for the Crusades? and what is a "war of plunder"?
- ✓ 10. What is the difference between commerce and industry?

### §§ 6-16

1. Which were the chief commercial nations of antiquity?
- ✓ 2. What made Spain so valuable to the Phœnicians? How far did Phœnician navigation extend?
- ✓ 3. What cause helped the Phœnicians to become good sailors? What products did they get from the north of Europe?
- ✓ 4. What were (1) the chief Phœnician, and (2) the Greek manufactures?
5. When and how was Carthage founded? How far did its dominion extend?
6. What was the usual route from Carthage to Egypt? Mention the chief articles of their trade with Africa.
7. What caused the decay of Carthage?
- ✓ 8. Name the chief Greek races. Mention their chief colonies (1) in Italy, (2) in Asia Minor, (3) in Africa, (4) in the Black Sea, (5) in Northern Greece, together with the products or trade of each.
9. Name the weights and coins commonly used in trade by the

Greeks and Phœnicians ; and give the value of a silver shekel, and a silver drachma.

### §§ 17-26

- ✓ 1. Explain the importance of Corinth as a centre of trade. Name its manufactures.
- ✓ 2. What were the imports and exports of Athens?
3. What formed the chief articles of trade between Egypt and Arabia?
4. What do you know of Pharaoh Psammetichus and the Ptolemies? Where was Alexandria?
5. Mention the chief manufactures of Egypt ; and also those of Rome.
- ✓ 6. How did Rome pay for her imports? Name the chief imports (1) from the western (2) from the eastern portions of the Roman Empire.
- ✓ 7. Mention any facts that show the importance of the mercantile and industrial classes in Rome.
8. Name the chief Roman ports.
- ✓ 9. Describe the postal system of the Roman empire? Why are Roman roads so important to commerce?
10. How far did Rome's trade extend?
11. What caused the decay of the Roman empire?
12. Name the weights and coins commonly in use in Roman trade.

### §§ 27-33

- ✓ 1. Who were the Teutons? Mention the emperors who fought against them.
- ✓ 2. Who were the Huns? Give the date and result of the battle of Châlons.
- ✓ 3. What caused the invasion of the Goths? Where did they finally settle?
- ✓ 4. What tribes invaded and settled Britain?
- ✓ 5. When was the Roman empire divided?
- ✓ 6. Where did the Lombards and Saracens settle?
- ✓ 7. Who was Karl the Great?
- ✓ 8. What effect had these invasions and settlements upon commerce?
- ✓ 9. Where did commerce first begin to revive after these invasions?
- ✓ 10. Who were the Northmen, and what did they do ; and what effect had their invasion?
- ✓ 11. Describe the condition of trade at this period. What trade did Europe do with Asia ; and how were Asiatic imports paid for?

§§ 34-40

- ✓ 1. What acts of Charlemagne influenced commerce and industry? What was the "Capitulary de Villis"? ✓
2. What caused a treaty to be made between Offa and Charlemagne? What did the treaty provide?
- ✓ 3. What was the Feudal system? What do you mean by a system of services? ✓
- ✓ 4. Had it a good or bad effect upon commerce?
- ✓ 5. How did towns arise in the Middle Ages? Where did they grow up specially? ✓ What was an imperial town? ✓
- ✓ 6. What was a gild? Describe the merchant and craft gilds and explain the difference between them.
- ✓ 7. Why are both gilds important in politics and in social life?
- ✓ 8. Explain the words Burggraf, Landstadt, Reichsstadt, villein, burgher.
- ✓ 9. Mention any great confederacies of towns.
- ✓ 10. How was the trade of Europe now divided?

§§ 41-56

- ✓ 1. Mention the chief Italian city republics and give their geographical position.
- ✓ 2. Describe the rise and commerce of Pisa and Amalfi. What was the Tabula Amalfitana?
3. For what was Lucca famous? Where is it?
- ✓ 4. How did Florence become wealthy? For what is it famous besides commerce?
5. Describe the rise of the Medici family.
- ✓ 6. What were the *arti* of Florence? Mention the chief manufactures of the city.
- ✓ 7. How did Venice rise? What were its earliest articles of commerce?
- ✓ 8. What was the Venetian constitution? *It was a republic*
- ✓ 9. How far did Venetian trade extend? What were the chief sailing routes of the Venetian fleets?
- ✓ 10. How did the Crusades affect Venice? What was the extent of Venetian dominions?
11. Describe the trade of Venice with the east.
- ✓ 12. Who were the chief rivals of Venice? Describe their trade, and show how it affected Venice.
13. What were the chief manufactures of Venice, Genoa, and Milan?
14. Give an account of the currency of the early Middle Ages, and name the chief coins, with their values.

## §§ 57-67

1. Give an account of the origin of the Hansa. What was its influence in the northern seas?

2. Mention any ten of the chief towns in the League (cf. map), and name the four great factories.

3. What had the Hansa to do with the Treaty of Utrecht and Waldemar of Denmark?

4. Mention some of the articles of commerce in which the League traded.

✓ 5. Account for the decline of the League. When was it excluded from England?

6. What was its influence upon European civilisation?

✓ 7. What was a "factory"? and what was the Steelyard?

✓ 8. What is a "monopoly"? ✓ Is a monopoly good or bad in its effects? ✓ Give instances from some other part of this book.

9. Why was Cologne important to the Hansa?

## §§ 68-77

✓ 1. How were North and South Europe connected for purposes of trade?

✓ 2. Why was Venice so important as a commercial centre?

✓ 3. How would a mediæval merchant go, who wished to travel from Venice to Cologne? and from Venice to Regensburg?

✓ 4. How would a merchant go from Genoa to Erfurt? and how would he go to Russia?

5. How were goods conveyed from Constantinople to Cologne? and what goods might a merchant probably take with him from one place to the other?

✓ 6. What were the following towns notable for—Regensburg, Nürnberg, Cologne, Hamburg, Bruges, Venice, Augsburg?

✓ 7. What caused the formation of confederacies of towns? Name the chief confederacies in Europe.

✓ 8. How could goods be transported from India to Venice? and from Bagdad to any port on the Black Sea? and from India to Bruges?

✓ 9. Why was the land route from the East given up, and when?

✓ 10. What rendered fairs a necessity in the Middle Ages? Why are they not so useful now?

✓ 11. Is there any country where they are useful? If so, explain why.

✓ 12. Describe any one of the chief English fairs of the Middle Ages.

13. Mention the chief fairs of France and Germany.



14. Where is Nijni-Novgorod? What makes the fair there so important?

§§ 78-82

1. Name the chief manufacturing districts of Europe, and their articles of manufacture.
2. When did Flanders first become famous as a manufacturing centre? Whence did the Flemish get their wool?
3. Mention some Flemish manufacturing towns. What were their politics?
4. Why was Bruges of importance? When and how did Antwerp come to take its place?
5. How was silk introduced into Europe, and when?
6. Where was it chiefly grown *and* manufactured?
7. Who encouraged the silk industry in France?
8. When was it revived in England? and which countries were the chief centres of the silk industry?
9. Name the chief gold and silver coins of Central Europe about 1500 A.D., with their approximate values.

§§ 83-92

1. What benefits did the Roman rule confer upon English civilisation and commerce?
2. Mention the chief articles of commerce in Roman times, and the Roman roads in Britain.
3. What effect had (1) the Saxon, and (2) the Danish invasions upon our commerce?
4. How did King Alfred benefit trade? What was thane-right, and for what was it granted?
5. Describe the commercial treaty between Charlemagne and Offa (§ 34).
6. Was the Norman Conquest beneficial or otherwise to English commerce?
7. What was the result of the Crusades (1) upon trade generally, and (2) upon towns?
8. Mention the provisions concerning trade in the Great Charter.
9. What was the principal English export? why was it so important politically?
10. When did our home manufactures begin to be important? How were they aided?
11. Mention any cases of foreign merchants or manufacturers taking part in English trade.
12. Mention any important merchant companies, and describe their origin.

13. What was the staple system? Name the staple towns in England and the Continent.

14. Why is the reign of Henry VII. important in English commerce? What was the Intercursus Magnus?

15. To what countries did English merchants trade in Henry VII.'s reign?

16. Name (1) the chief Saxon coins, and (2) the gold coins of the period 1100-1500 A.D. in England, (3) the date of coinage of shillings and half-crowns.

17. When did the Jews come to England? Why were they useful, and when were they expelled?

### §§ 93-108

1. By whom was the Cape of Good Hope discovered? What effect had this discovery upon the commerce of Europe?

2. How did the Portuguese lay the foundations of their power in India? What was their commercial policy?

3. What effect had their Indian possessions upon the Portuguese? How were they lost?

4. What nations succeeded the Portuguese? Explain the origin of their naval power.

5. How did the Dutch proceed in their relations with the East Indies? What rivals did they meet?

6. What was the commercial policy of the Dutch? How was the Dutch East India Company formed?

7. What East Indian possessions do they still hold?

✓ 8. How did the French gain a footing in India? Who was their greatest leader?

✓ 9. What caused the foundation of the English East India Company? What was the opinion of Sir Josiah Child as to its procedure?

✓ 10. What was the extent of its commerce? (and what were its relations with the natives?)

✓ 11. How did the English and French first come into collision in India?

✓ 12. What is the importance of the battle of Plassey? and of the grant of the *derwani*?

✓ 13. Name some of the chief English generals or governors in India and their exploits?

14. What changes were made in the constitution of the English East India Company in the eighteenth and nineteenth centuries; and how did it end?

§§ 109-123

- ✓ 1. What European powers gained colonial dominions either in the east or west?
- ✓ 2. What were the foreign possessions of Spain? and in what light did she regard them? Over what European states did Spain rule?
- ✓ 3. What effect had the acquisition of these possessions on Spain?
- ✓ 4. In what state was the industry of Spain at this time?
- ✓ 5. Describe the Sole Market theory, and give instances of its application.
- ✓ 6. What caused the decay of Spanish industry and commerce?
7. When did her American colonies revolt?
- ✓ 8. Narrate the history of the Portuguese connection with Brazil. Was it advantageous or otherwise to Portugal?
- ✓ 9. What was the Methuen treaty? Describe its results on Portuguese and Brazilian trade.
- ✓ 10. How far did the Dutch succeed in gaining colonial power in the west? What were the fortunes of the Dutch West Indian Company?
- ✓ 11. What distinguished English settlements from others in America?
- ✓ 12. Who were the first English voyagers to America? and what were the proposals of Raleigh?
13. Name the English colonies in order of foundation; and mention the chief articles of colonial trade.
- ✓ 14. Which islands did the English gain in the West Indies?
- ✓ 15. Describe the French possessions in America.
16. How did the French and English come into collision, and with what result?
- ✓ 17. What effects had the Treaty of Utrecht and the Treaty of Paris upon English commerce?

§§ 124-137

1. What important changes took place in the sixteenth century? and what effect did they have on English industry?
2. How did (a) the suppression of the monasteries, and (b) the rise in prices, influence industry and trade?
3. Name our chief exports, and the countries with which we traded at the close of the Middle Ages (1500).
4. In what way were the Hansa merchants and Venice connected with our commerce? ✓
5. Name any great trading companies existing in Elizabeth's reign, the countries with which they traded, and their chief imports and exports.

6. Give a short account of the origin and trade of the Merchant Adventurers, and of the Levant Company.
7. What are the most notable features of English commerce in this period? With what colonies did England trade?
8. What were the Navigation Acts? Did they have a beneficial or disadvantageous result upon our trade?
9. Describe England's commercial policy in the seventeenth century, and compare it with our present policy.
10. What was the condition of our home manufactures in the seventeenth century? What effect had the Huguenot immigration upon them?
11. What do you know of Sir Josiah Child? and what does he say about English trade?
12. How and why was the Bank of England founded?
13. What is the National Debt?
14. What commercial wars did England undertake between 1600 and 1760? How were they paid for?
15. Describe our colonial policy at this time, and explain its results.
16. Detail the causes of our American War.
17. Give an instance of England's pursuance of the Sole Market theory.

#### §§ 138-151

1. Mention the chief manufacturing towns of the Netherlands and the chief branches of Dutch commerce.
2. What caused the decline of the Dutch power?
3. What caused the decline of German trade and industry?
4. Explain the effect (*a*) of the discovery of the Cape route to the east; and (*b*) of the Thirty Years' War upon Germany.
5. How and when were German industries revived? Was the revival effective?
6. Describe German trade generally, and that of Hamburg, Leipzig, Brunswick, and the two Frankfurts in particular.
7. What caused the general depression of trade and industry in France, and what efforts were made to improve it?
8. Describe the influence of Francis I., Louis XIV., Colbert, and John Law upon French commerce.
9. Describe the commercial condition of Sweden, and show how its wars influenced its commerce.
10. What was the position of Denmark among commercial nations?
11. To what influences may the progress of Russia be ascribed? What did Peter the Great and Catherine II. do for commerce?

12. Describe the connection of English merchants with Russia.
13. What were the chief manufacturing districts of Austria? Why was the country not more flourishing?
14. What caused the decay of the Italian cities? Which remained republics?
15. What was the condition of Venice? How was it affected by the struggle with the Turks?
16. Name the earliest banks of the Continent and the date of their foundation. When did paper money come into general use?

§§ 152-162

1. Why may the latter end of the eighteenth century be called a period of revolution?
2. What is meant by the Industrial Revolution in England? and how was it brought about?
3. How did commerce flourish between the American War and the Continental War?
4. How was the majority of the population occupied?
5. What is meant by the domestic system of manufacture?
6. Name the chief inventions in machinery, and describe their effect upon industry.
7. What other developments took place besides those in manufacturing? How was agriculture improved?
8. What influences favoured England's commercial position after 1763?
9. What proofs have we of the expansion of English trade before the Continental War?
10. Describe the commercial crisis of 1792-93.
11. What was (*a*) the ostensible, and (*b*) the real, cause of our war with France in 1793?
12. Did the war affect our commerce; and how?
13. What were the Berlin and Milan Decrees, and what was their effect (*a*) on England, (*b*) on Europe?

§§ 163-172

1. How did Pitt pay for the Continental War? What was its cost? and what effect had it upon the working classes?
2. In what directions did English trade expand during the war? and what possessions did we gain?
3. Name the Australian colonies in order of settlement.
4. What caused the commercial depression after the war? also that in 1825?
5. How did the free-trade movement first begin? When were the Navigation Acts repealed?

6. What were the corn laws? and who caused their repeal?
7. What influence had Huskisson and Peel on trade?
8. What is meant by the revolution in transit?
9. Why is the exhibition of 1851 important? Compare it with the Colonial Exhibition of 1886.
10. What alterations have taken place in our trade since 1850? Which is *now* the chief export?
11. How much does our supply of wheat cost us? and where do we get it from?
12. What is the most striking feature in our trade of this century?
13. How has English trade been favoured since 1815?

### §§ 173-184

1. What has chiefly influenced the commercial development of Europe in the present century?
2. What circumstances may influence the progress of any special country? Give examples.
3. What effect had the Continental War upon French industry?
4. How was the beet-sugar industry introduced into France and Germany?
5. What effect had Napoleon's Berlin Decree (*a*) upon France, (*b*) upon Europe generally?
6. What was the effect of raising the French tariff in 1822?
7. What effect had the Franco-German War upon France?
8. What are the leading French manufactures of the present day?
9. Name the colonial possessions of France.
10. How did the wars of other countries benefit Germany during the eighteenth century? What manufactures revived at this time?
11. How did the peace of 1815 influence German trade?
12. What is a Zollverein? Give an account of the various Zollvereins prior to 1870.
13. What are the main features of German trade in the present day?
14. What results did the payment of the war indemnity have upon German commercial policy?

### §§ 185-200

1. When were the Netherlands separated? and with what results?
2. How has Holland again come to the front? and to what is the present development of Belgium due?
3. Name the colonies of Holland.



4. What are the chief industries of Switzerland, and since when have they been developed?
5. What country takes the largest share of Russian exports? What has been the commercial policy of Russia?
6. Is Russia fully developed? and in what directions?
7. What has caused the slow growth of Austrian trade?
8. When and how was Italy re-united and with what result?
9. To what may the present position of Spain and Portugal be ascribed?
10. Name a few foreign countries whose development has been aided by English capital.
11. Why are not Sweden and Norway first-rate commercial powers? and to what is the prosperity of Denmark due?
12. What is the present commercial policy of most European countries? Is it advantageous or otherwise?
13. What is the policy of England?
14. In what ways have other countries imitated or not imitated England?



## APPENDIX A

### SIXTY YEARS OF BRITISH TRADE

As illustrating the history of English Commerce in the 19th century, it is interesting to compare the exports of British Produce and Manufactures at the end of the century with those of sixty years previously. For the purposes of this comparison the figures of 1840 and 1901 are taken.

1840.	1901.
Soda . . . . . £44,716	Alkali (soda chiefly) £1,125,551
<b>Apparel</b> , etc. . . . . 630,090	<b>Apparel</b> , ready made 5,571,259
<b>Arms</b> , ammunition 331,961	<b>Arms</b> , ammunition, etc. . . . . 2,473,271
Beer and ale . . . . . 418,348	Beer and ale . . . . . 1,782,898
Books . . . . . 147,130	Books (printed) . . . . . 1,552,772
. . . . . . . . . . . . . . . .	India-rubber manufactures . . . . . 1,262,415
. . . . . . . . . . . . . . . .	<b>Railway-carriages</b> , trucks, etc. . . . . 2,605,802
. . . . . . . . . . . . . . . .	<b>Chemicals</b> and dye-stuffs . . . . . 4,092,482
<b>Coals</b> . . . . . 572,848	<b>Coals</b> . . . . . 30,334,748
. . . . . . . . . . . . . . . .	Naphtha and similar products . . . . . 1,151,253
Corn, grain, flour, etc. 52,237	Corn, grain, and meal flour . . . . . 820,945
<b>Cotton yarn</b> . . . . . 7,101,308	<b>Cotton yarn</b> . . . . . 7,977,032
. . . . . . . . . . . . . . . .	<b>Cotton manufactures</b> , all kinds (cloth, lace, hosiery, etc., etc.) . . . . . 65,708,582
<b>Cotton manufactures</b> 17,577,162	Earthen and china ware . . . . . 1,992,797
Earthenware of all sorts . . . . . 572,965	Herrings and other fish . . . . . 3,070,853
Fish of all kinds . . . . . 261,907	Haberdashery . . . . . 1,460,316
Haberdashery . . . . . 575,694	

1840.	
Hardware and cutlery	1,348,556
Hats . . . . .	143,186
Leather, wrought and unwrought	316,384
„ saddlery, etc.	95,743
Linen manufactures	3,265,998
„ yarn . . . . .	626,036
Oil, seed, and train oil	105,901
Painters' colours . . . . .	206,198
Paper and stationery	281,040
Spirits . . . . .	35,683
Sugar (refined) . . . . .	440,674
Machinery (and mill-work) . . . . .	592,793
Steel and iron (wrought and unwrought) . . . . .	2,515,918
Copper, brass, tin, lead, zinc, etc. . . . .	2,070,802
Silk manufactures . . . . .	792,648
Wool, raw . . . . .	325,322
Woollen and worsted, yarn . . . . .	452,957
„ manufactures	5,326,203

The above were the chief exports produced or manufactured in Great Britain in 1840, and with a few others (*e.g.* beef, lard, salt, umbrellas, etc.) made up the

*Total value to* £51,406,430

1901.	
Hardware and cutlery	2,076,634
Hats . . . . .	1,330,900
Implements and tools of industry	1,491,484
Leather, tanned and unwrought	1,321,826
„ boots . . . . .	2,184,842
Linen manufactures and yarn . . . . .	5,845,180
Jute (manufactures and yarn) . . . . .	2,728,136
Manures (including chemical) . . . . .	2,397,511
Medicines, drugs, etc.	1,339,970
Oil, seed . . . . .	1,157,668
Painters' colours and materials . . . . .	2,007,983
Paper and stationery	1,593,492
Pickles, vinegar, confectionery . . . . .	1,550,884
Ships . . . . .	9,159,876
Spirits . . . . .	2,632,317
Sugar (refined) . . . . .	350,761
Steam engines	4,257,935
Machinery (not steam engines) . . . . .	13,554,409
Other steel and iron manufactures and raw material	25,282,080
Copper, brass, tin, lead, zinc, etc. . . . .	6,386,275
Telegraphic wires and apparatus . . . . .	3,147,985
Silk (manufactures and yarn) . . . . .	1,723,692
Wool, raw . . . . .	2,727,913
Woollen and worsted yarn . . . . .	3,487,646
„ manufactures	14,237,368

The above are the chief exports produced or manufactured in Great Britain, and with a few other miscellaneous goods make up the

*Total value to* £347,864,268

Several of the articles mentioned in the 1901 list do not appear in that of 1840, either because they were produced and exported in very insignificant quantities (or as in the case of railway-carriages, telegraphic apparatus, manures, and chemicals) not yet exported at all. The most noticeable increase is that of the iron and steel trade, then of the coal export, and of the cotton, jute, and wool trades. The export of machinery and ships should be specially noted. The total value of our trade increased quite *sixfold* in sixty years in spite of, or because of, the fact that many goods (*e.g.* cottons and woollens) are now produced more cheaply than before, and therefore the later figures represent a proportionately larger volume of exports.

Finally, it should be noted that in the 1901 list our colonies took £113,118,364 worth of our goods, *i.e.* more than *twice* the value of our *total* exports of home goods in 1840.

# APPENDIX B

## COLONIES AND DEPENDENCIES OF EUROPEAN POWERS (1902)<sup>1</sup>

Foreign Power and Position of Colony.	Name and Date of Acquisition.	Area of Square Miles.	Population.
DENMARK.			
<i>Northern</i>	Greenland (Coasts) . . . .	46,740	10,516
<i>West</i> }	Iceland (1380) . . . .	39,756	70,927
<i>Indian</i> }	St. John . . . .	21	984
	St. Thomas . . . .	23	14,389
FRANCE.			
<i>African</i> .	Santa Cruz . . . .	74	19,783
	Algeria (1830) . . . .	184,474	4,790,000
	Comoro Islands (1886) . . . .	620	71,000
	Mayotte (1843) . . . .	143	11,640
	French Congo (1843) . . . .	550,000	8,950,000
	Madagascar (1886) . . . .	228,500	3,500,000
	French Somali Coast and Obok Réunion (1649) . . . .	14,000 970	250,000 171,720
	Senegal and Dependencies . . . .	182,000	3,000,000
	French Guinea . . . .	95,000	2,000,000
	Ivory Coast . . . .	120,000	2,500,000
	Dahomey . . . .	60,000	1,000,000
	Sahara Protectorate . . . .	2,000,000	2,500,000
	Tunis (Protectorate) (1882) . . . .	51,000	1,902,000
	Nossi-Bé (1841) . . . .	113	7,803
	Ste. Marie (1643) . . . .	64	7,667
<i>American</i>	French Guiana (1604) . . . .	46,850	30,500
	Guadeloupe (1634) . . . .	680	172,097
	Martinique (1814) . . . .	390	190,000
	St. Pierre and Miquelon Islands	93	6,250
<i>Asiatic</i> .	French Indo-China, comprising Annam (Protectorate) (1884) . . . .	81,000	6,400,000
	Cambodia (Protectorate) (1863)	46,000	2,000,000

<sup>1</sup> From *Hazell's Annual* for 1903.



Foreign Power and Position of Colony.	Name and Date of Acquisition.	Area of Square Miles.	Population.
FRANCE.			
<i>Asiatic</i>	Cochin China (1861)	23,082	2,968,529
	Tonquin	280,000	12,000,000
	French India	200	286,910
	Kwang - Chau - Wan (opposite Hainan Island) (1898)	...	...
<i>Polynesian</i>	Marquesas	478	5,776
	New Caledonia and Loyalty Islands (1853)	7,700	54,000
	Society Islands—Tahiti, etc.	650	12,600
	Tuamotu—Lower Archipelago	384	8,500
	Tubuai—Austral Island	80	881
GERMANY.			
<i>African</i>	Cameroons (1884)	191,130	4,570,000
	East Africa (1885-90)	400,000	6,169,336
	South-West Africa (1884-90)	320,000	200,000
	Togoland (1884)	34,800	2,500,000
<i>In Pacific</i>	Bismarck Archipelago (1885)	20,000	188,000
	Kaiser Wilhelm's Land (1885-6)	72,000	110,000
	Marshall Archipelago (1886)	150	15,000
	Samoa Islands (Upolu and Savaii) (1899)	1,005	29,100
	Solomon Islands (Bougainville and Buka) (1886)	...	...
<i>Asiatic</i>	Kiao-Chau (1898)	120	60,000
	Caroline and Pelew Is. (1899)	560	46,000
	Marianne Islands or Ladrone (1899) except Guam	420	10,000
ITALY.			
<i>African</i>	Italian Somaliland	100,000	450,000
	Erythrea (1891)	88,500	450,000
NETHERLANDS.			
<i>East</i>	Borneo (part of)	203,714	1,250,000
<i>Indian</i>	Celebes (1660)	72,000	2,000,000
	Java (with Madura Island)	50,554	29,000,000
	Moluccas, The	42,420	400,000
	New Guinea (part of), (1885)	151,790	200,000
	Sumatra	149,555	2,979,946
	Other Is. in Asiatic Archipelago	cir 30,000	cir 250,000
<i>West</i>	Buen Ayre	95	4,341
<i>Indian</i>	Curaçao and other Islands	403	50,000
<i>South American</i>	Surinam (1845)	46,060	72,144

Foreign Power and Position of Colony.	Name and Date of Acquisition.	Area of Square Miles.	Population.
PORTUGAL.			
<i>African</i> .	Angola . . . . .	517,000	5,000,000
	Cape Verde Islands . . . . .	1,480	115,000
	Guinea and Bissagos (1885) . . . . .	4,500	800,000
	East Africa (1891) . . . . .	300,000	3,000,000
	Principe and St. Thomé Islands . . . . .	454	25,000
<i>Asiatic</i> .	Goa, Damao, Diu, etc. (1881) . . . . .	1,605	550,000
	Macao . . . . .	5	80,000
	Timor (part of), etc. . . . .	7,290	300,000
RUSSIA.			
<i>Asiatic</i> .	Bokhara (vassal state) . . . . .	92,000	2,500,000
	Khiva (vassal state) . . . . .	22,320	800,000
	Port Arthur and Talienwan . . . . .	...	...
SPAIN.			
<i>African</i> .	Muni River Settlements . . . . .	1,750	6,000
	Fernando Po (1778), Elobey, Annobon, Corisco Islands, etc. . . . .	850	30,000
	Sahara Coast . . . . .	167,400	100,000
TURKEY.			
<i>African</i> .	Egypt (nominally dependent State) . . . . .	394,240	9,750,000
	Tripoli . . . . .	400,000	1,300,000
UNITED STATES.			
<i>West</i> }	Cuba (1898) . . . . .	46,000	1,320,000
<i>Indian</i> }	Porto Rico (1898) . . . . .	3,688	900,000
<i>Asiatic</i> .	Philippine Islands (1898) . . . . .	115,326	7,500,000
	Guan . . . . .	...	9,000
<i>In Pacific</i>	Hawaii (1898) . . . . .	6,740	109,020
	Samoa Islands (Tutuila, etc.) (1900) . . . . .	56	3,800

The above table will be useful as showing the colonial empires of European powers in 1902, with which many people are imperfectly acquainted. Those of Great Britain will be found in any good geography or year-book. Those of the United States are also included, as the U.S.A. have so recently acquired colonies formerly connected with European powers.

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